

FINANCIAL TIMES

Weekend June 20/June 21 1992

EUROPE'S BUSINESS NEWSPAPER

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Initiative to reform Russia's banking system

An initiative to restructure the Russian banking and financial system and possibly to create a Russian-American investment bank was announced in New York. The plan, to be known as the Russian-American Bankers Forum, involves the US Federal Reserve and advisers to Russian president Boris Yeltsin. Page 24

American Express, financial services and travel group, will abandon plans to move 1,500 staff to Canary Wharf, the £1.5bn (\$2.5bn) London Docklands project, unless owner Olympia & York pays it fitting-out costs of £22m due under its lease agreement. Page 8

ANC anger over massacre The African National Congress attacked the South African government after the massacre of nearly 40 people at Boipatong in the Vaal triangle, but will not pull out of negotiations for constitutional change. Page 4

Let-down for inflexible castles The market for bouncy castles is in danger of collapse as more and more would-be entrepreneurs buy them for £1,000 (\$1,650) upwards and hire them to fetes and children's parties. Page 24

Exxon case arrests Two people have been arrested in New Jersey in connection with the disappearance in April of Exxon executive Sidney Reso, who vanished on his way to work in New York and is still missing.

WPP Group, marketing services company, has had its accounts qualified by auditors Arthur Andersen, because it is in the middle of a \$500m (\$825m) refinancing. The group agreed one refinancing in April 1991, but is now close to breaching banking covenants. Page 16; Lex, Page 24

Ex-Lotus chief jailed Fred Bushell, former chairman of car company Lotus, was jailed for three years and fined £2,500 (\$4,100) for his part in a conspiracy that defrauded De Lorean Motor Cars, Belfast manufacturing subsidiary of John De Lorean's failed sports car venture, of \$17.8m. Page 5

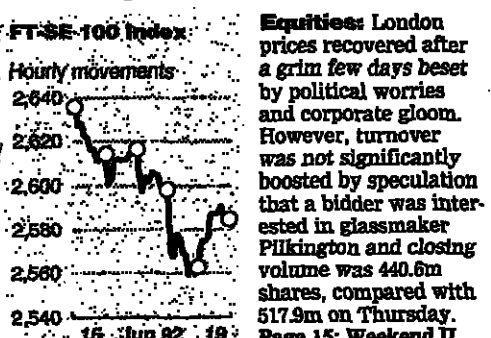
Teeth for defence body Ministers from nine European countries agreed to give the dominant Western European Union defence organisation a genuine military capability, but disagreed in the circumstances in which its troops would be made available. Page 3

Euro Disney, owner of the Euro Disneyland theme park near Paris, is to build a second park and has announced plans for a third. Page 12

UN negotiator to quit Assistant United Nations secretary-general Giamdemonico Picco, hostage troubleshooter and chief negotiator with Iraq on possible oil sales, is to leave the UN next month for personal reasons. Page 3

Lloyd's reforms sought A group of Names wants Lloyd's of London to hold an extraordinary general meeting next week to discuss reforms at the insurance market. Page 6; Lex, Page 24

Dam scheme to be modified The World Bank is to modify plans for a \$30n Narmada dam irrigation system in central India after accepting criticism of the project in an independent report. Opponents say the dam is environmentally unsound. Page 4



Tokyo bounces back The Japanese stock market rose on hopes that the government might soon boost the economy with a package of public works spending of ¥5,000bn-¥6,000bn (\$39bn-\$45bn). The Nikkei average, which earlier this week fell to its lowest level for five years, jumped 474.31 points to 16,519.87. Page 4; Markets, Page 15

STOCK MARKET INDICES		STERLING	
FTSE 100	2,654.8 (+22.1)	New York lunchtime	\$ 1.2815
Yield	4.74	London	\$ 1.8595 (1.8655)
FTSE Eurotrack 100	1,154.66 (+4.78)	DM	2.32 (2.32)
FT-Air Share	1,248.12 (+0.89)	FF	8.6225 (8.64)
Nikkei	16,519.87 (+474.31)	Y	236.8 (236.8)
New York lunchtime		£ Index	93.8 (93.1)
Dow Jones Ind Ave	3,282.36 (+15.24)		
S&P Composite	483.45 (+2.48)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3 1/4% (3 1/4%)	New York lunchtime	DM 1.5705
3-mo T-bill	3.75% (3.68%)	FF	5.288
Long Bond	7.82% (7.79%)	Sfr	1.4175
LONDON MONEY		Y	128.9
3-mo Interbank	10 1/4% (10%)	London	1.57 (1.565)
Life long gilt	10 1/2% (10 1/2%)	FF	5.2875 (5.275)
NORTH SEA OIL (Argus)		Sfr	1.416 (1.413)
Brent 15-day Aug	\$21.05 (21.10)	Y	128.95 (128.75)
Gold		£ Index	92.2 (92.1)
New York Comex Aug	\$342.4 (342.2)		
London	\$343.55 (341.95)	Tokyo close	¥ 125.82

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Irish backing for Maastricht boosts Euro-union hopes

By Tim Coone and David Gardner in Dublin and David Buchan in Brussels

THE IRISH people have overwhelmingly approved the Maastricht treaty, giving a kiss of life to closer European union.

Mr Albert Reynolds, the Irish prime minister, yesterday hailed the two-to-one majority in favour in Thursday's referendum, saying: "It is a great day for Ireland and a great day for Europe. It is a great boost for Ireland in Europe... Our decision will give renewed momentum to the ratification of the treaty across Europe."

Following telephone conversations with Mr Jacques Delors, president of the European Commission, and other European Community leaders, Mr Reynolds said: "There is a lot of relief in the cabinets of Europe today."

Had the treaty been voted down as some had feared, it would have had to be renegotiated from scratch. Yesterday's result improves the odds on what will still be a very difficult passage for the treaty in the rest of the Community.

With a "yes" vote of 69 per cent on a 57 per cent turnout, the Irish ratified what the Danes had rejected by a narrow margin two weeks before, plunging the Community into crisis.

Mr Delors praised Ireland for choosing "an active participation in the construction of Europe rather than an isolation without perspective."

"The Commission was delighted for the general climate in the Community in which each

country is called upon to pronounce on the new leap forward" contained in the Maastricht treaty.

"This ratification period is a unique opportunity to interest each citizen in the stakes for our future," Mr Delors said. This future would be "a Europe united

IRISH REFERENDUM

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■ Commission adopts humbler profile

■ Major plans to seek new view of accord

■ Kohl to press on

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■ Maastricht back on track

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■ Ireland stalled after GPA aborts take-off

in the respect for its diversities".

Ireland's "yes" means that next week's Lisbon summit need not turn into the crisis session that would have followed a second rejection of the treaty.

Later today EC foreign ministers gather in Luxembourg to prepare the summit agenda. This is expected to focus on further EC financing, on choosing sites for institutions like the European Monetary Institute and a progress report on developing a common foreign and security policy.

Mr Reynolds said: "We never regarded the result as a foregone conclusion. The campaign has shown up that there is a deficit of information about European developments, and that communication will have to be improved, both here and in other countries, if the Community in its desire to make further progress, is to carry the people with them."

Rural areas in Ireland voted heavily for the treaty despite canvassing by anti-abortion groups. In working-class urban areas, the turnout was lower than average and the "no" vote was proportionately higher.

Recent EC disagreement over the size of the Delors II finance package caused alarm in Dublin when it became apparent that the anticipated doubling of structural and cohesion funds for Ireland might not be forthcoming.

In the event, it appears that Irish voters were swayed more by the prospects of longer-term economic benefits than what Mr Reynolds called the "irrelevant and scaremongering issues" raised by a "rainbow coalition" of environmentalists, pacifists and anti-abortion organisations.

Robert Mauthner adds from Bonn: Mr Douglas Hurd, UK foreign secretary, at a meeting of the Western European Union, described the Irish result as "good for Britain and good for Europe".

Two uncertainties, however, remained: the French referendum, which will probably be held in the autumn, and the need to know how the Danes intended to use the time given to them.

Major challenges anti-Maastricht Tories

By Philip Stephens, Political Editor

MR JOHN MAJOR last night sought to isolate Conservative opponents of the Maastricht accord with a pledge to use his forthcoming presidency of the European Community to keep Britain "at the heart of Europe".

Welcoming the endorsement of economic and political union in the Irish referendum, the UK prime minister rejected calls from Tory Euro-sceptics for a renegotiation of the deal. He stressed the gains Britain had secured from Maastricht, adding that an attempt to re-open the agreement would cast the government in the role of "political gazumpers".

Conservative opponents of closer European integration, however, said that disappointment at the Irish result would not deflect their efforts to prevent ratification of the treaty.

The rebels argued that Denmark's rejection of the treaty earlier this month could not be "cancelled out" by its acceptance in Ireland. The anti-federalist European Reform Group has invited leaders of the Danish "no" campaign to a strategy meeting at Westminster next week aimed at bolstering opposition in the British parliament.

Mr Major acknowledged that there was no prospect that the UK government would re-introduce legislation to ratify Maastricht until the Danish government had clarified its position and until after the French referendum. Some ministers are speculating that the British legislation could now be deferred until after the EC's Edinburgh summit in early December.

But in terms calculated to confront head-on the critics in his own party Mr Major said: "If we were now to set aside our word we would not be trusted again. We would lose our influence to determine events."

His speech designed to detach wavering in the Conservative party from the hard core of Euro-sceptics - stressed repeatedly that Britain could not exercise authority if it stood on the sidelines. "I want this country to be at the heart of Europe," he said. "Only if we are there can we have real influence. We need that influence to build the Europe we want."

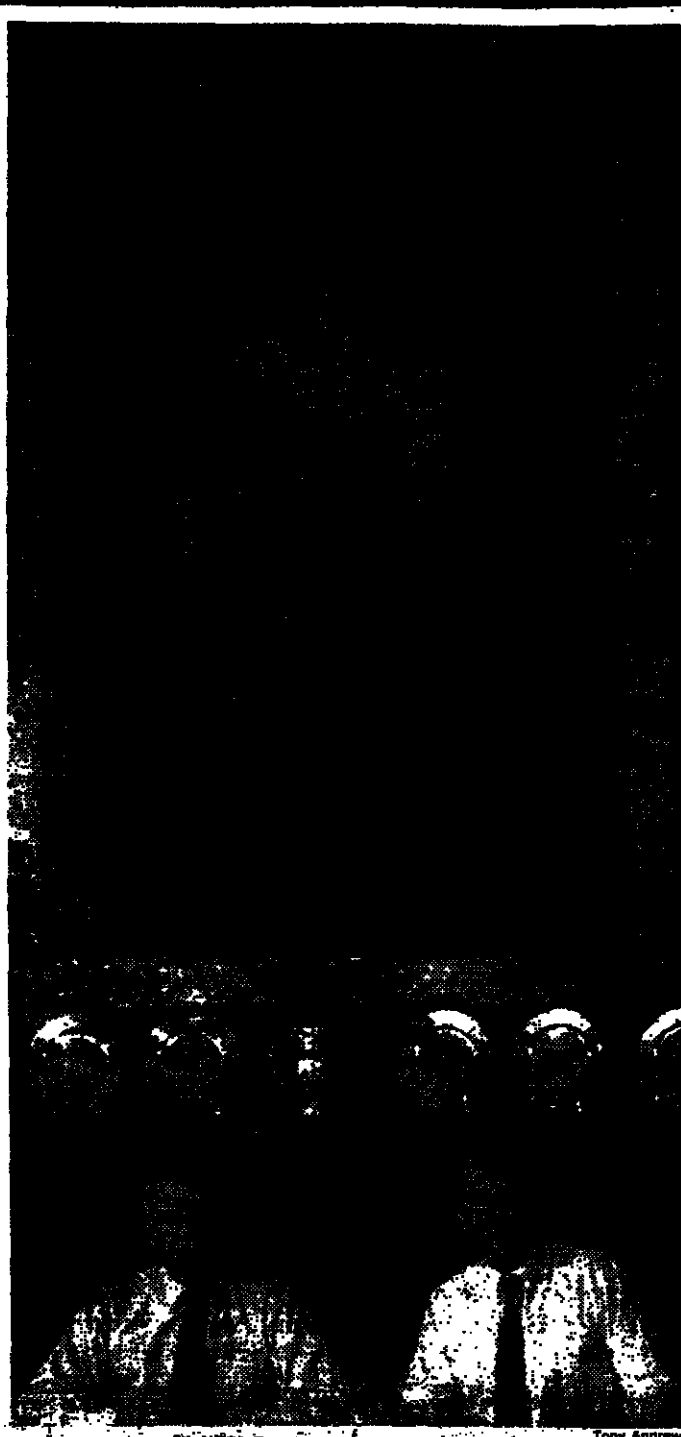
Mr Major signalled that Britain, which takes over the

presidency on July 1, would seek to rescue the Maastricht agreement by emphasising that it did not represent the "federalist closed shop" that many feared.

That would be achieved by pressing Britain's agenda for the next few years. It included pushing ahead with enlargement, curbing centralism, exercising

control over the powers of the Commission and the creation of a genuine single market.

Senior ministers said Mr Major's strategy would be to seek over the six months of the presidency to turn "the tide of federalism". He hoped that would allow Denmark to decide how to tackle its referendum result.



King George II looks on in 10 Downing Street as John Major and William Waldegrave, public services minister, emphasise the role of the Citizen's Charter. Renewed impetus, Page 5

CBI chief warns of 'hesitant' economic recovery

By Peter Norman and Emma Tucker

WEAKENING order books for British manufacturers and a sharp downturn in a leading consumer confidence index suggested yesterday that the UK's recovery from recession will be sluggish and hesitant at best.

The Confederation of British Industry reported that manufacturers expect output to grow only slowly over the next four months following a partial reversal of an earlier improvement in orders. The latest consumer confidence survey by Gallup, the market research company, showed the biggest drop in consumers' confidence about the UK economic outlook since January 1991.

However, the CBI said tough competitive conditions had brought inflationary pressures at factory level to their lowest point for more than 25 years, indicating further progress towards making the UK a low-inflation country.

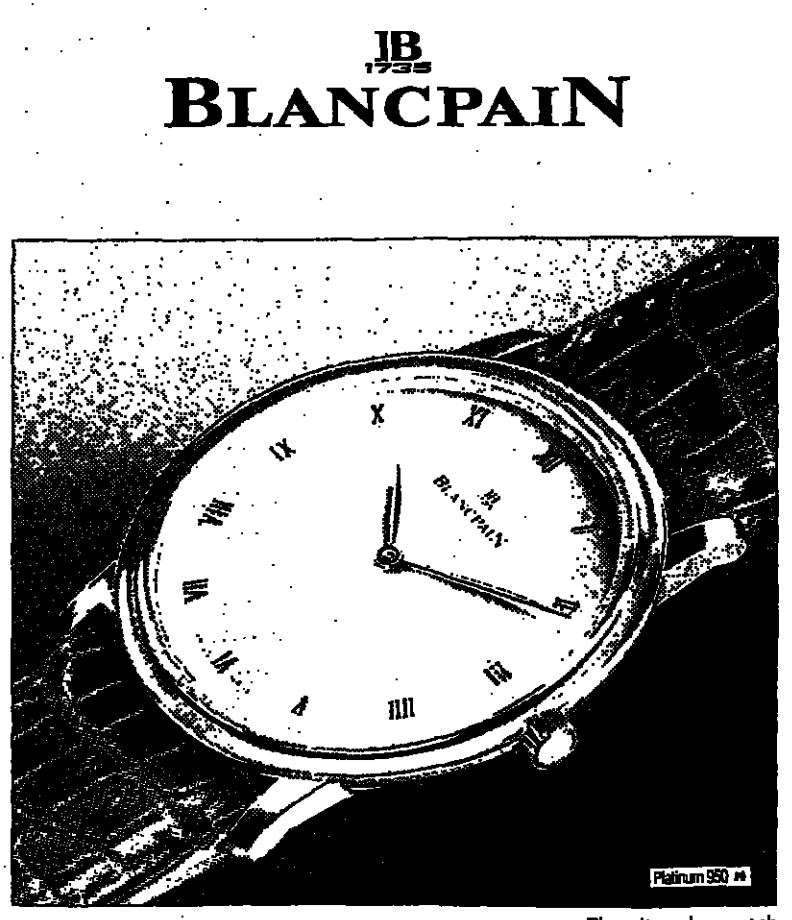
Commenting on the CBI's latest monthly industrial trends inquiry, Sir John Banham, CBI director-general, said the signs of recovery were "rather less substantial" than a month ago. "It would be wrong to say that the recovery has stalled, but it is hesitant and seems likely to continue to be slow and patchy."

Mr Gordon Heald, Gallup's managing director, said the consumer confidence survey showed greatly increased fears of rising unemployment and that "any post-election euphoria disappeared in the second half of May".

The CBI polled 1,461 companies in 50 industries between May 22 and June 17. Together they are responsible for more than half UK manufacturing employment and exports.

It found that orders overall deteriorated in the period, although there was a less significant weakening of export demand. Output expectations were revised down in response, but manufacturers' replies during the past three months suggest that they still expect to increase production. The CBI

Continued on Page 24
A hard slog ahead, Page 9



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NEWS: THE IRISH REFERENDUM

Decisive pro-treaty vote by assembly

By Ian Davidson

PARIS

FRANCE yesterday took a critical step towards ratification of the Maastricht treaty by completing the first phase in the necessary revision of the French constitution.

At the end of an all-night sitting, the National Assembly endorsed by 388 to 43 the text of the constitutional revision passed earlier in the week by the Senate.

The change will now be finalised in a joint sitting of the two houses, known as a Congress, which will take place in the Palace of Versailles. The size of yesterday's majority together with the Senate vote suggest the government should secure the necessary three-fifths majority in this Congress.

Originally scheduled for Monday June 29, the Congress may be brought forward to next week, before the European summit in Lisbon. If so, the French and the Irish would both be able to take encouragement to a summit which is bound to be dominated by the problems of ratifying the Maastricht treaty.

Yesterday's vote again underscored the deep divisions over Maastricht in the conservative opposition parties, between the RPR Gaullists and their allies in the centrist and centre-right UDF parties.

The Gaullists made another abortive attempt to prevent the debate with a procedural blocking motion; when that failed they refused to take any further part in the debate. After the vote, the Gaullist leader accused the UDF and Centrists of seeking to form an alliance with the Socialists.

But the government paid a price for its large majority, since it was forced to concede an increase in the constitutional powers of the Senate (which is dominated by the conservative parties).

Result lifts gloom in bond markets

By Simon London

MARKETS

THE gloomy mood of European bond markets was partially lifted by the Irish referendum result. However, late selling pushed bond prices lower and traders predicted months of uncertainty until the future of monetary union is determined.

Yesterday, the biggest gains were posted by high-yielding government bond markets such as Spain and Italy. These have most to gain from monetary union but have fallen sharply since Denmark rejected the Maastricht treaty.

Other bond markets showed strong price rises during the morning session as the result of the referendum became clear, but fell back through the afternoon. UK gilts closed almost unchanged on the day, with French and German government bonds finishing slightly lower.

"The pattern is the same in most European markets. There is selling into any rally," commented Mr George Magnus, international bond analyst at Warburg Securities. Analysts noted the Irish vote did nothing to remove uncertainty over whether Maastricht will be ratified and on what terms monetary union might take place.

"It is going to be a long, tense summer in the run-up to the French referendum," commented an Italian government bond trader.

Spanish government bonds rose around half a point at the benchmark 10-year maturity, adding to gains made on Wednesday and Thursday. However, even after posting a 1½-point rise on the week, Spanish bonds remain well below the levels before the Danish referendum.

At the close yesterday, the benchmark 10-year Spanish government bond stood at around 93.50, still 3½ points below its level on June 2, before the result of the Danish vote was known.

The pattern was similar in Italy, with prices rising by up to three quarters of a point in early trading but late selling eroded some gains. Italian bond trading was volatile last week, with sentiment undermined by the weakness of the lira in the European exchange rate mechanism. Traders said the rally was driven by domestic Italian investors.

Maastricht wins a vital breathing space

The main problem for the treaty is that governments have moved ahead of their voters, writes Ian Davidson

WHEN he heard that the Danes had voted No in their Maastricht referendum, a very senior Commission official summed up the situation with undiplomatic frankness: "Nous sommes dans la merde!" The Yes vote in the Irish referendum goes a long way to restore morale and rectify the balance, as does yesterday's vote in the French National Assembly. But neither of these events, welcome as they are, can change the fundamental problem: that the treaty has been rejected by one of the signatory states. In this sense, we are still "dans la merde".

Instant solutions on offer tend to fall into three categories: 1. Dump the treaty. 2. Dump Jacques Delors. 3. Dump the Danes. The Danish referendum is invoked to prove that the treaty is no good, and should be abandoned/weakened/strengthened. Alternatively, Mr Delors is a symbol of everything that is wrong with the Community, because he is too federalist/French/socialist/European/successful/foreign/Christian. Democrat/pleased with himself; so, off with his head! Finally, the Danes have shown that they are unsatisfactory Europeans, so they should be bundled out of the new Europe.

Unfortunately, none of these nostrums will quite do. The twelve may very well be driven to a renegotiation, if they want to salvage anything from Maastricht. But to pretend that this road offers a simple solution is just not serious: does anyone know exactly why the Danes voted No and what would make them vote Yes?

The British government's campaign against Mr Delors borders on the contemptible. Last December Mr John Major described Maastricht as "Game, set and match to Britain" he surely cannot now insinuate that a treaty which was negotiated by 12 sovereign governments was in fact dumped on them by Mr Delors.

Dumping the Danes runs up against a battery of objections: it would be illegal, unconstitutional, anti-democratic, uncivilised and un-European. But the most serious objection to this particular prescription is its underlying assumption that this is a problem confined to Denmark. In fact, there are at least three large member states where Maastricht is or could be in trouble.

Six months ago British spokesmen were adopting a most condescending attitude towards the ratification problems facing other member states; Britain, they said, was the only properly functioning democracy, it had had its

debate, and parliament was solidly on board. Today, it appears that the government simply could not command a majority to ratify the treaty.

One might expect Maastricht to have a hard time in Britain, because the British government remains as sceptical about the Community as ever. But the French and German governments are the chief architects of the new Europe, and they too are going through rough water.

Reports from Germany say that ratification should eventually come right. But in the meantime, the debate is stirring heavy passions, and giving rise to a serious constitutional power struggle between the centre and the Länder.

In France the parliament is half way to the necessary revision of the constitution; but the ratification referendum planned for the autumn will be fiercely contested by nationalists across the board, and no one can be sure that it will not go wrong for the government.

These passionate debates throw an instructive light on the Maastricht dilemma. The commonest criticism of the treaty is that it is a portmanteau of heterogeneous ingredients, which is as muddled as it is unreadable. People do not like it, because they do not understand it; therefore, the argument goes on, we should improve the treaty by simplifying it.

The passion of the arguments between the pros and the antis suggests an entirely different diagnosis. Yes, the treaty is an amalgam of different ingredients, which makes it baffling to the casual reader. This is a serious disadvantage at this stage in the ratification process, because we cannot know precisely why the Danes voted No, nor whether some small detailed revisions would get them to change their minds.

But it is clear from the debates in Britain, France and Germany that their political elites understand the thrust of the treaty very well indeed: some like it, and some hate it, but they all know that this is a treaty with colossal political implications.

It is these political implications which set Maastricht in a different class from previous agreements in the development of the Community. The customs union and the single market could be regarded as predictable, pre-defined policy contracts, from which the economy of each member state could be expected to draw separate national advantages. But Maastricht is quite different, in the sense that the two central



OVER THE IRISH HURDLE: counting votes in Dublin yesterday

pillars - monetary union and foreign policy - will involve jointly negotiated policies for maximising collective advantages in the name of the common interest.

This does not, of course, mean that the Community is about to become a federation. But it does mean that going along with Maastricht calls for a much greater depth of political commitment than seemed to be required by the Treaty of Rome.

This is perhaps the heart of the problem. The key characteristic of Maastricht is that it includes far-reaching objectives for action in the future. The member governments clearly believed that a large leap forward in Community integration was both necessary

and possible; but can they really count on their electorate to follow them?

If that kind of commitment is to be reliable, then surely the treaty must be supported by more than a bare majority of the electorate. In practical terms, it must have a breadth of popular support which could survive a change of government. Does anybody think that Denmark would be a dependable partner in the construction of a common foreign policy, if the referendum had gone the other way, but only by 50.7 per cent?

And what about France? Opinion polls predict three things: a majority may vote for Maastricht in September; the Gaullists may lead a right-wing government after the next gen-

eral elections in March; and Mr Jacques Chirac, the Gaullist leader, will be a front-runner in the presidential elections in 1995. Yet half the Gaullists are bitterly hostile to Maastricht, and the party is so divided on the issue that Mr Chirac dare not say anything about it.

If the Irish had voted No, Maastricht would have been lost with all hands. The fact that they have voted Yes gives the Community a desperately needed breathing space. But Europe's governments need to use the space, starting with their Lisbon summit next week, to consider whether they, like the Danish elite, have moved too far ahead of their electorates, and if so, what they need to do to get back in touch.

Major's plan is to seek new view of accord

By Philip Stephens, Political Editor

THE decisive Yes vote in yesterday's Irish referendum brought the expected relief in Whitehall - alongside an acknowledgment that for Mr John Major a second chance for the Maastricht accords carries risks as well as opportunities.

British ministers believe the deal on economic and political union has been reprieved rather than rescued. A mechanism has still to be found to persuade the Danes to reverse their vote. The accord must also survive the unpopularity of President François Mitterrand in the French referendum.

But the confident tone of Mr Major's dismissal yesterday of the calls from Euro-sceptics in his own party for a renegotiation of Maastricht suggested that, for now at least, he is focusing on the opportunities.

Mr Major, whose government takes over the EC presidency on July 1, has the task of securing a settlement which meets the fears of the Danes without unravelling the Maastricht treaties.

He hopes the British presidency will secure a re-interpretation of the direction in which Maastricht will take the Community. In satisfying Denmark, Mr Major believes he can marginalise the Euro-sceptics in his party and secure enough support for ratification in parliament.

The basic strategy is to give substance to the once dubious British contention that Maastricht could represent a break with the "centralising process" in the Community created by the Single European Act.

Mr Major will seek ways to reinforce an interpretation of the treaty in which closer European co-operation is set firmly on intergovernmental rather than federalist pillars.

One possibility is the much tighter definition of subsidiarity already floated by London. But it sees an unequivocal commitment to rapid enlargement as equally important in persuading doubters in Denmark and at home that Maa-



LONDON

tricht is not the precursor to a United States of Europe.

No one in London is certain how such formulae could be attached to the Maastricht accord - nor what if anything might be enough to persuade the Danish people to change their vote.

There are also too many other battles waiting to be fought - among them the level of Community resources, the size of cohesion funds and the Gatt trade talks - to allow for confident predictions that the route will be smooth.

But the task suits Mr Major's temperament. He is a politician adept at building compromises, setting a painstaking approach to detail alongside an ability to defuse confrontations.

The judgment in London is that Danes have clipped the wings of the federalists and in the process greatly strengthened Mr Major's case as EC president for the Community to put pragmatism first.

His colleagues believe there is a chance that by the time of the Edinburgh summit there will be a deal on the table that will stitch together again the patchwork of compromises agreed at Maastricht.

At home the Conservative Euro-sceptics will not give up. Next week the European Reform Group of Conservative backbenchers - which claims around 80 members - will attempt to broaden its attack on European integration by blaming the depth of the country's recession on sterling's participation in the exchange rate mechanism.

But along with the Community, Mr Major has recovered his balance. For the moment he rather than his party's rebels holds the initiative.

Another abortion battle looms

By Tim Cooney

DUBLIN

THE Irish government may have cleared the referendum hurdle, but it faces a tougher battle to resolve potential conflicts between EC law and Ireland's anti-abortion laws.

The anti-abortion lobby, prominent in the No campaign, has promised to do battle again in the autumn, this time on another referendum specifically on abortion.

At Ireland's behest, a protocol was inserted into the Maastricht treaty under which the subsidiarity principle would apply to Ireland's right-to-life 1983 constitutional amendment, giving EC courts no jurisdiction over Ireland on this issue.

However, a Supreme Court ruling last February, allowing a 14-year-old rape victim to go abroad for an abortion, interpreted the 1983 amendment and the protocol in such a way as to permit abortion in Ireland in cases where the mother's life was threatened.

A subsequent memorandum of understanding has been signed by EC foreign ministers, committing them to accommodating within the Maastricht framework any further changes in Ireland's abortion laws.

However, any attempt by EC ministers to modify the Maastricht treaty in an attempt to bring Denmark back into the fold could necessitate a further referendum in Ireland and bring another chance for the anti-abortion lobby to flex its muscles.

Vote lifts lira

The Irish vote provided temporary relief for the lira yesterday, sending it below the L757 to the D-Mark unofficial bank of Italy intervention mark to L756.7, writes Robert Graham in Rome.

But underlying pressure on the Italian currency remained as dealers awaited formation of a new government by Prof Giuliano Amato.

Lonely Danes watch and wait

By Hilary Barnes

COPENHAGEN

THE Irish vote confirmed Denmark's isolation from its EC partners following the rejection of the Maastricht Treaty by Danish voters this month.

Mr Uffe Ellemann-Jensen, the foreign minister, said the Irish result made it more likely than ever that the other 11 member states would complete their ratification of the treaty.

This would force Denmark to work out the best way of co-operating with the other 11. He said Denmark had no interest in a divided Europe or that the process of European co-operation should be halted.

The government's strategy is to await completion of the ratification process.

Only then will Denmark, which assumes the EC presidency on January 1, take any initiative.

Kohl to press on despite public misgivings

By Quentin Peel in Bonn

THE result of the Irish referendum was greeted with delight and relief in the German government yesterday.

Chancellor Helmut Kohl said: "The people of Ireland have read the signs of the times correctly. Now we must press ahead to European union swiftly and with determination."

Mr Klaus Kinkel, the German foreign minister, said at a meeting of Western European Union foreign and defence ministers in Bonn that the result showed that "Europe indeed lives and

BONN

the European train is gathering steam. There is no alternative to European union."

Nevertheless public opinion in Germany is increasingly sceptical about the advantages of European integration, and above all about the replacement of the D-Mark with a single European currency.

Mr Kohl has admitted that the treaty is far from perfect, but he is determined to press ahead with

ratification in Germany in spite of the public misgivings.

He faces a key meeting next week with the prime ministers of the 16 German states to resolve differences over control of EC policy between the central government and the states.

Western Germans would narrowly reject the Maastricht treaty if it were put to a referendum, an opinion poll found yesterday, Reuter reports from Bonn.

Only 43 per cent would support a political union with a common currency, said the Ennab Institute poll for the weekly Der Spiegel.

The poll was conducted after Denmark rejected the treaty but before the Irish referendum result.

Ennab said it would conduct another poll next week with the same question, adding: "The result of the referendum in Ireland will certainly influence opinions."

The poll was conducted only in western Germany, the politically dominant four-fifths of the reunited nation.

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Commission adopts a humbler profile

By David Gardner in Dublin

THE UK, which takes over the rotating EC presidency in 10 days' time, will centre its efforts to rescue the Maastricht treaty on spelling out what "subsidiarity" means.

This principle, which the treaty incorporates into European law for the first time, in theory means that decisions should be taken at the lowest practicable level of government. In EC terms, it means the Community acts together only when doing so is more effective than individual countries acting alone.

The British government believes highlighting this principle will mollify those resisting what they see as a drift of power to Brussels. In fact, generally only the Commission can make proposals, while only the 12 governments can make decisions, and the European

parliament has limited amending powers.

One of the ironies for the UK is that had Britain accepted the Dutch presidency's compromise on social policy at Maastricht, this would have strengthened subsidiarity by requiring the Commission to prove that its proposals could not be better handled nationally or regionally.

With the 11 trying to press on with the treaty rather than re-negotiate it to accommodate Denmark, it is difficult to see how they can produce a re-definition of subsidiarity with a similar, legally binding force.

However, Commission president Mr Jacques Delors seems already to be considering a re-organisation of the Brussels executive and rationalisation of its powers.

This has every appearance of a strategy agreed with the three large member states -

Germany, France and the UK - in return for their leading moves to reappoint Mr Delors for a further two years at next week's Lisbon summit. The 17-strong Commission ends its four-year term in December.

Since the Danish shock, the Commission has undoubtedly pulled in its horns, showing deference to the Council of Ministers (of the 12), even in matters like EC trade policy, where it has long-established competence.

Mr Delors and UK Commissioner Sir Leon Brittan have floated the idea of giving back to member states certain Commission powers, like the regulation of water standards.

Beyond this, senior Commission officials indicate that a larger revamp is being considered. Mr Delors and close colleagues are expected to work through the summer preparing a clear delineation of what

powers should remain with the Commission and what should be handed back.

He is also, one senior official suggests, likely to submit his reappointment to the approval of the European Parliament.

Something a Commission president would not be obliged to do under Maastricht until 1995. Mr Delors would also expect clear endorsement of those powers the Commission intends to retain.

Internally, there will be more political oversight of major policy areas, for the sake of greater coherence and nipping in the bud middle-class interventions in national affairs.

One consequence is that there is likely to be a re-grouping of functions inside the Commission, fusing, for instance, the several commissioners and departments dealing with external affairs or regional policy.

While all this may improve the image of Brussels, it does not deal with the main way in which Maastricht promotes secretive and remote decision-making.

This involves the new areas of foreign and security policy and justice and home affairs co-operation, to be agreed between governments, outside EC institutions, and at some remove from national parliaments.

Maastricht foresees a constitutional review in 1996 to decide whether this inter-governmentalism - the antithesis of the EC's institutional development - should be brought into Community decision-making. Already there is pressure to make decision-making by the Council of Ministers much more transparent.

But much sooner than 1996, inter-governmentalism could become the focus of hostility,

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WEU gathers strength for beefed-up role

By Robert Mautner in Bonn

FOREIGN and defence ministers from nine European countries agreed in Bonn yesterday to give the dormant Western European Union defence organisation a genuine military capability to enable it to take part in international peacekeeping and peacemaking operations.

But it was clear that member states continue to disagree on the precise circumstances in which their troops would be made available.

Mr Douglas Hurd, the British foreign secretary, with the Yugoslav conflict clearly in mind, emphasised that if peacemaking meant that member states would be prepared to impose a political solution by force, he believed that was excluded "both in practice and in theory".

The Germans and French, however, were much more prepared to envisage a peacemaking role for WEU forces, though Mr Klaus Kinkel, the German foreign minister, conceded that Germany would not be "in the forefront" of those advocating such a role because of its constitutional restrictions on employing German troops abroad.

What was made clear in the so-called "Petersburg Declaration," named after the mansion on the outskirts of Bonn where the conference was held, was that the WEU would take part in peacekeeping, peacemaking and humanitarian operations only at the request of other international organisations such as the United Nations and the 52-nation Conference on Security and Co-operation in Europe (CSCE).

Every decision to answer

such requests would be taken on a case-by-case basis and individual member countries would reserve their sovereign right to participate or not.

Though the ministers, who hailed their declaration as an important step towards forging a European defence identity, said they were ready to make available to the WEU military units "from the whole spectrum of their conventional armed forces", no final decision was taken on precisely which units would be assigned to the organisation. The declaration merely stated that member states would "soon designate" such units.

However, Mr Malcolm Rifkind, the British defence secretary, said there had been wide support for his proposal that multinational units such as the planned Dutch-Belgian-German-British Nato rapid reaction force and the UK-Netherlands amphibious force should also be put at the disposal of the WEU under so-called "double-hatting" arrangements.

Though France and Germany are also prepared to make available to WEU their proposed joint "Eurocorps", Mr Rifkind indicated that Britain and some other member countries had expressed "ongoing concerns" about the confusion that would arise from the fact that German troops came under Nato command, while French forces were outside the Nato command structure.

In a special declaration on Yugoslavia, the ministers said the WEU was prepared, "within the bounds of its possibilities", to contribute towards the effective implementation of UN Security Council resolutions on the application of sanctions against Serbia.

US opposes Serb move to divide Sarajevo

By Judy Dempsey in Belgrade

US OFFICIALS were yesterday trying to apply pressure on the United Nations to oppose attempts by Serb irregulars to divide the Bosnian capital, Sarajevo, along ethnic lines.

Concerns are growing that the Serbs are seeking to link this move with negotiations with UN representatives on re-opening the capital's airport. Officials said heavily armed Serb irregulars were consolidating their positions in the north and west of the city, and near the airport, by the day.

Serb units have blockaded Sarajevo for the past 77 days to prevent any food and humanitarian supplies from reaching its 300,000 inhabitants.

"You can see exactly what is happening," a western diplomat said. "The Serbs are taking advantage of any ceasefire to re-group, and also give the impression they are acting in good faith. This is nonsense. It must be stopped," he added.

Bosnian officials yesterday said 7,000 people had died in the fighting in Sarajevo and other parts of the former Yugoslav republic since early April. A UN official said the world body had neither the mandate nor the means to stop Sarajevo from being divided. "Our mandate is to negotiate an agreement which will allow us to re-open the airport and start



Serb militiamen check on rapidly diminishing medical supplies in the Serb-held town of Banja Luka, northern Bosnia, which has been cut off by Croatian forces

the airlift of food into the city," he explained.

Another UN official said the Serb irregulars and Serbia's proxy Bosnian army, led by Mr Ratko Mladic, promised to start withdrawing from Sarajevo airport today to allow relief flights into the city.

The agreement was made as the city came under renewed shelling and heavy bombardment from the surrounding hills held by Serb irregulars.

The Serb forces have agreed to withdraw their heavy artillery batteries 6km from the airport, while an earlier arrangement, backed by the Bosnian

presidency, wanted a 20km demilitarised zone.

Western diplomats said this would still allow the Serb forces to keep large supplies of weapons close to Sarajevo. "This means they can bombard the city, and consolidate their green line any time," a diplomat said. "No wonder the Ter-

ritorial Defence [consisting of Sarajevo's Muslim, Serb, and Croat communities] are angry with this agreement."

The Bosnian presidency, led by Mr Alija Izetbegovic, has repeatedly called for international military intervention to prevent the city from being divided.

Meanwhile Lord Carrington, chairman of the European Community peace conference on Yugoslavia, said he was "concerned that all-out war would spread to Bosnia." A Bosnian official asked yesterday: "What does he think has been taking place here for the past three months?"

UN chief ponders permanent army

By Michael Littlejohns in New York

A PERMANENT United Nations force that would respond to outright aggression, "imminent or actual", has been proposed by Mr Boutros Boutros Ghali, UN secretary general.

His recommendations for measures to increase the world body's effectiveness in the post-Cold War era are contained in a 52-page document, requested by the Security Council at the summit meeting in January initiated and presided over by Mr John Major, the UK prime minister.

Mr Boutros Ghali is to visit London early next month and will be amplifying his ideas in talks with Mr Major.

The possibility of establishing a permanent force was envisaged when the UN was founded in 1945 but the Cold War, during which no fewer than 279 vetoes were cast, blocked formal action.

Observing that the UN "must never again be crippled as it was in the era that has passed", the secretary general also said the collapse of communism presented an opportunity not to be squandered. However, his proposal accords more with ideas long advo-

cated by Moscow than with what the west has been prepared to accept.

Mr Vladimir Petrovsky, a former Soviet deputy foreign minister and now a senior UN official, helped draft the report. Mr Edward Perkins, the US ambassador, was not consulted during its preparation and the State Department voiced reservations last April about any proposal to negotiate agreements to provide the Security Council with permanent troops under the control of the Military Staff Committee.

Noting that the Council had not so far used military force coercively, Mr Boutros Ghali recalled that in the Gulf War members "chose to authorise member states to take measures on its behalf". But having UN troops ready and on call could serve as a means to deter breaches of the peace.

Mr Giandomenico Picco, the UN negotiator who obtained the release of western hostages in Beirut, including the last two Germans freed this week, is resigning for personal reasons. It was announced last night.

He is in Vienna this weekend for talks with Iraqi officials on a possible resumption of oil shipments. His resignation takes effect on July 31.

Bratislava break-up negotiations

By Arianne Genillard in Bratislava and Anthony Robinson in London

CZECH and Slovak leaders were last night preparing a joint political statement expected to announce the formation of an interim federal government charged with bringing an orderly end to the 74-year-old Czechoslovak federation.

The two delegations - led by Mr Vaclav Klaus, the Czech prime minister-designate whose Civic Democratic party (ODS) emerged as the Czech winner in this month's general elections, and his Slovak counterpart, Mr Vladimir Meciar, leader of the Movement for a Democratic Slovakia (HZDS) were meeting for their fourth round of talks at a former Communist party hotel in Bratislava, the Slovak capital.

The new interim federal government will be reduced to five key ministries, for defence, economics, finance, foreign affairs and the interior, a Slovak spokesman said. It will comprise "experts" to prepare details of dividing the assets and liabilities of the two republics.

CIS hopes for energy charter

By Andrew Hill in Brussels

MEMBERS of the Commonwealth of Independent States are counting on the European energy charter to sort out the growing number of energy-related disputes in the former Soviet Union, a senior EC official said yesterday.

But Mr Clive Jones, secretary general of the Energy Charter Conference, warned that it would take time to reach agreement on the legally binding treaty which will lay out legal safeguards for energy investment across central and eastern Europe.

Mr Jones, who met CIS electricity ministers last month, said they were strongly behind the energy charter. Many are likely to be given extra time to implement the charter's disciplines. Meanwhile, it was "essential for the implementation of the market regime that [CIS members] bring their prices up to world levels".

The charter itself was signed in December, but its implementation depends on the 47 signatories producing a binding "basic agreement" which will put its principles into practice.



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NEWS: INTERNATIONAL

World Bank admits Indian dam flawed

By Stephanie Gray in London and K.K. Sharma in New Delhi

THE World Bank is to make substantial modifications in plans for one of the world's biggest dam projects, after accepting criticism of the project in an independent report as flawed.

Mr Lewis Preston, the World Bank president, said the report on the controversial \$3bn (£1.6bn) Narmada dam system in central India had identified a "number of deficiencies in the bank's appraisal of the project, the borrower's implementation and the bank's supervision work".

The independent inquiry, the first of its kind in the World Bank's history, was set up after vociferous protests in India over the resettlement and environmental aspects of the project.

In a rare candid admission that the Bank had been wrong, Mr Preston said: "It is clear that performance under these projects has fallen short of what is called for under Bank policies and guidelines and the policies of the government of India."

He said continued bank support for Narmada was justified but "we should proceed only if practical ways can be agreed to ensure that the pace of further construction of the dam is adjusted to whatever extent is required to permit a fully responsible approach to the resettlement and environmental concerns".

Mr Preston said analysis of the report and "a set of specific remedial actions" would be presented to the World Bank's board in the next few days.

The bank has promised to put \$450m into the irrigation scheme along the Narmada river, which flows through the north-eastern states of Madhya Pradesh, Gujarat and Maharashtra.

Opponents of the project say such huge dams are environmentally unsound and accuse the state governments of resettling people, many of them tribal people not integrated into India, on inferior land with inadequate compensation.

The government says about 100,000 people will be displaced in the project. Opponents put the figure at 250,000.

Japan adds a new number to its exports

By Stefan Wagstyl in Tokyo

THE LATEST Japanese export to hit the UK is not a car or a new kind of electronic camera but the mathematics textbooks of Mr Toru Kumon.

For decades, British educators have assumed they had little to learn from Japan. Even though Japan's schools produced well-trained young people, it was generally thought their good academic results were achieved mainly at the cost of excessive discipline.

Mr Kumon, a 76-year-old retired teacher, believes the methods he has used in Japan for over 30 years work well with children anywhere.

His books have been introduced in the US and elsewhere but until recently they were virtually unknown in the UK.

Now he is expanding fast. At the start of 1992, there were just two British Kumon-trained teachers. By the end of the year there will be 50.

Mr Kumon has no time for teaching "concepts" or letting children "discover" maths for themselves by playing with coloured bricks or pocket calculators.

Instead, he relies entirely on children working their way through 3,800 pages of repetitive exercises. The worksheets are designed so that children can work on their own all the way from kindergarten games to differential calculus.

The teacher guides children through difficult stages and corrects answers to make sure that a child gets full marks before moving from one level to another. With Mr Kumon,

the only acceptable mark is 100 per cent. For lower scores the sole remedy is more practice.

Mr Kumon talks with a passion which belies his years.

"Almost all children can do better if only they are properly taught," he says. "If a top teacher teaches an average child, the child's ratings go up. If a top child is given an average teacher, the child's ratings go down. Those educators who are not willing to learn themselves should give up teaching."

Mr Kumon devised his methods in the early 1950s when he was helping his young son with his maths homework and later devised programmes for learning Japanese, English and other languages. Now he has 1.6m pupils in Japan and 1.9m worldwide.

Like a magician pulling rabbits out of a hat, Mr Kumon loves to give examples of the achievements of Kumon-trained children.

His current favourite is a five-year-old Japanese girl studying English who can write critical evaluations of university-level texts.

He holds up her worksheet, complete with comments scrawled in five-year-old handwriting on a passage from Mr Edwin Reischauer, a noted American scholar and former US ambassador to Japan.

Mr Kumon also has available assessments of the merits of his methods. Unfortunately, there are none from Japan because the Ministry of Education does not allow his materials to be used in schools, nor has it carried out any comparative tests.

But outside Japan, where Kumon materials are mostly used in regular schools, the method has been examined more rigorously.

For example, at Christ Episcopal School in Texas, the average maths score of six-year-old children rose during a year from 63 per cent to 81 per cent, as measured on the Stanford Achievement Test, a widely used American test. The average score for 10-year-olds rose from 76 per cent to 94 per cent.

Other schools in Texas, and in Alabama, Michigan and Mississippi, reported similar advances.

Critics say that the samples are too small to offer conclusive proof. Even though thousands of American schools have studied Kumon materials,

only 300 have actually introduced them.

Critics say Mr Kumon puts too much emphasis on repetitive drills. The workbooks, they say, are boring and expensive, and the method itself is little more than glorified rote-learning.

Mr Kumon's supporters in the US reply that the results speak for themselves. Most American teachers who use Kumon materials do so for just 15 to 20 minutes a day - as a supplement to other textbooks, not as a substitute, so the children do not get bored.

Like any iconoclast, Mr Kumon himself brooks no criticism. Teachers who oppose his methods are simply "looking after their own jobs. They don't want to admit they're wrong."

Tokyo boosted by hopes of public works package

By Stefan Wagstyl in Tokyo

THE JAPANESE stock market rebounded yesterday on hopes that the government might soon boost the economy with a package of public works spending of as much as ¥5,000bn-¥6,000bn (\$31bn-£33bn).

The Nikkei index, which earlier this week fell to its lowest level for five years, jumped 474.31 points to 16,519.87 as investors took heart from signs that the government might start

serious preparations for a supplementary budget to expand the budget already agreed for the current financial year, which started in April.

Investors were particularly interested in indications that the ruling Liberal Democratic party was increasing pressure on the bureaucracy to act before the summit of the Group of Seven leading industrial nations in Munich early next month. Mr Shin Kanemaru, the LDP's vice president, urged compilation of a supplementary

budget soon, so as to avoid pressure for extra public spending from the US at a later date.

Mr Kanemaru also told a meeting of LDP officials that he wanted a budget of ¥8,000bn, substantially more than a proposal of ¥5,000bn which had previously been informally discussed by the party. The party officials agreed to prepare specific plans by the end of the month.

However, the Ministry of Finance rebuffed Mr Kanemaru's appeal, say-

ing it was still too early to judge the full impact of spending measures approved in March, when public works planned for the second half of the financial year were advanced into the first six months.

Mr Tsutomu Hata, the finance minister, rejected calls to stimulate the economy and told journalists: "People suffering from diabetes want to eat a lot but if you give them as much as they want, it will ruin their health."

Despite Mr Hata's protestations, it is widely assumed in Tokyo that there will be a supplementary budget. However, there is a serious debate in the government over size and timing.

Finance Ministry officials would like to see a budget of no more than ¥3,000bn or so, and would prefer to wait until September for a decision.

LDP leaders want at least an announcement of intent by the end of the month, followed by a concrete plan before elections to the upper house of the Diet at the end of July.

EC seeks oilseed subsidy compensation talks

By Frances Williams in Geneva

THE transatlantic wrangle over the European Community's oilseed subsidies took a new twist yesterday when the EC said it wanted to negotiate compensation terms with the US under rules of the General Agreement on Tariffs and Trade (GATT) that cover tariff increases.

The request, reluctantly accepted by Washington and approved by GATT's governing council, immediately prompted speculation that Brussels intended to try to negotiate away its commitment under GATT to duty-free access for

imports of oilseeds such as soyabean, rapeseed and sunflower seeds.

The US, which claims its soyabean producers have lost \$1bn (£340m) in sales to the Community because of EC subsidies, has already threatened to slap punitive duties on \$1bn of European exports if the issue is not resolved.

The EC has threatened to retaliate if the US goes ahead with trade reprisals outside GATT procedures. However, yesterday's decision buys both sides more time. Under GATT's Article 28 (4) they now have 60 days to arrive at a settlement.

US officials remain pessimistic about the chances of suc-

cess. Mr Rufus Yerxa, US ambassador to GATT, told the GATT council yesterday that, while the US wanted a negotiated solution, it could not accept a deal that did not directly address the problems faced by US soyabean producers. The EC has not revealed what type of compensation - via lower tariffs on other goods - it has in mind.

He said the compensation negotiations would be expensive for the EC, which would have to cover not only the \$1bn loss to US oilseed producers from the subsidy regime but also a further \$1bn of trade lost by suppliers such as Argentina and Brazil.

Corruption finding on NSW leader

AN Australian anti-corruption watchdog yesterday found the New South Wales premier, Mr Nick Greiner, had engaged in conduct which was reasonable grounds for his dismissal, Emilia Tagaza reports from Canberra.

Mr Greiner has refused to resign, but his minority conservative government next week faces a vote of no confidence in the state parliament. Three independent MPs who hold the balance of power have indicated they will vote with the opposition in dislodging Mr Greiner's government.

The Independent Commission Against Corruption held a month-long inquiry into Mr Greiner's involvement in the appointment of an independent MP, Mr Tony Motherell, to a senior public service job.



A woman and her child were among 38 Vietnamese forced to board an aircraft to Hanoi yesterday, as Britain began to empty Hong Kong camps for boat people under an agreement with Vietnam.

Governor stands firm on naming HK cabinet

By Simon Holberton in Hong Kong

LORD Wilson, the governor of Hong Kong, yesterday hit out at China's attempt to influence the composition of the colony's cabinet, saying appointments were the prerogative of the governor.

Lord Wilson said that between now and 1997, when the colony reverts to Chinese sovereignty, appointments would be made in Hong Kong by the governor after consultation with the foreign secretary in London.

On Thursday a senior Chinese official said in Beijing that it would be unacceptable to China if members of the United Democrats, a key political party in the colony, were appointed to the cabinet, or executive council.

The Democrats won most of the popularly contested seats in last September's elections. If the colony's incoming governor, Mr Chris Patten, decides to reshuffle the membership of the cabinet some members of the Democrats are likely to be offered seats.

The Chinese intervention was seen in Hong Kong as an attempt to set the agenda for Mr Patten before he arrives on July 9.

Mr Yeung Sum, deputy leader of the Democrats, said yesterday China's intervention in domestic Hong Kong politics was unwarranted. China could not lay down preconditions for membership of the council, he said.

French output up in April

French industry increased its output by 1.5 per cent from March to April, showing an acceleration from the 1.3 per cent growth in the first quarter, William Dawkins writes from Paris. Two thirds of the rise, which came after a 0.4 per cent decline in March, was due to growth in energy output, said Insee, the state statistics institute.

Kurds decide against rising

The Iraqi opposition has ruled out a widespread uprising against President Saddam Hussein because it says it would merely provoke a repetition of his slaughter of Kurdish and Shia rebels in 1991. Gareth Smyth reports from Vienna. A report at an Iraqi opposition conference which ended in Vienna yesterday said that a military coup would merely produce further uncertainty.

BCCI plan

A judge has approved a plan to liquidate the Bank of Credit and Commerce International (Overseas) that will repay depositors and creditors about 32 cents on the dollar, Reuter reports from George Town, Cayman Islands.

ANC criticises de Klerk over massacre

By Philip Gwath in Johannesburg

THE African National Congress yesterday stepped up its criticism of the government after the massacre of nearly 40 people in Boipatong in the Vaal triangle, but stopped short of saying it would pull out of negotiations.

The ANC made clear, however, that with discussion at the Codesa constitutional forum deadlocked, the focus of

its energies in coming weeks would be devoted to taking the political struggle to the streets.

At a briefing for journalists and diplomats, Mr Ronnie Kasrils, ANC campaigns co-ordinator, said it was hoping to have millions of people on the streets by August, raising the possibility of a "Leipzig option". This included a general strike, probably in mid-August.

In the course of a scathing attack on the government, Mr

Cyril Ramaphosa, ANC secretary-general, said earlier that more black people had died during the three years of President F.W. de Klerk's administration than in the previous 40 years of National party rule.

Mr Ramaphosa said Mr de Klerk had facilitated such slaughter by legalising the carrying of dangerous weapons in 1990.

Another senior ANC official, Mr Joe Slovo, said the Boipatong massacre had no link

with the Soweto Day stayaway on June 16.

Referring to government warnings before June 16 that mass action would lead to violence, Mr Slovo added: "Every statement by the representatives of the government, both before and after June 16, was an act of incitement and an act of incitement to violence. And it has come to pass that the prophecy has been fulfilled by the prophets themselves."

Intrigue swirls about Israeli power brokers

By Hugh Carnegie in Jerusalem

RABBI Menachem Porush, a leading figure among Israel's ultra-orthodox religious parties, broke off campaigning for next Tuesday's general election to travel to Cairo this week at the invitation of Egyptian President Hosni Mubarak.

Speculation flashed around Israel that Mr Mubarak was seeking to persuade the venerable rabbi that, after the election, his United Torah Judaism party should side with Mr Yitzhak Rabin's Labour party - and its commitment to accelerate Middle East peace talks - in coalition bargaining.

First, the parties have to secure their seats in the Knesset. The influx of overwhelmingly secular Russian immigrants has diluted their strength in the electorate. This, plus a welter of corruption allegations surrounding

Israeli police minister Mr Ronni Milo vowed yesterday to arrest key Palestinians in Middle East peace talks for publicly embracing PLO chief Yasir Arafat in Amman, Reuter reports from Jerusalem. He said that Israeli law had been "deliberately and blatantly violated before the eyes of the world" and that the team would be arrested "immediately on return to Israel".

But Mr Mubarak may well be correct in assuming that the black-hatted religious parties will play a power-broking role in the formation of the next government. He may also be right if he reckons Mr Porush's statement may not be the last word from the mysterious and intrigue-riddled ultra-orthodox.

First, the parties have to secure their seats in the Knesset. The influx of overwhelmingly secular Russian immigrants has diluted their strength in the electorate. This, plus a welter of corruption allegations surrounding

the black garb of the ultra-orthodox, is unchanged, broadly aligned with Likud. But two of the other three, Agudat Yisrael and Degel HaTorah, have combined to form the United Torah Judaism party, attracting to their ranks a former leading member of the Shas party.

A fierce battle lies behind this change. Degel, a party of Lithuanian "Ashkenazi" Jews, used to be close to Shas, the party of "Sephardi", or Oriental religious Jews. But Rabbi Eliezer Schach, the 96-year-old spiritual leader of Degel, shifted amid much blood to an alliance with his fellow Ashkenazim of Agudat Yisrael.

This seemed odd, as Rabbi Schach has long been at odds with fellow nonagenarian Rabbi Menachem Schneerson of Brooklyn. The ailing Rabbi

Schneerson is a leading influence in Agudat despite never having set foot in Israel.

Secular Jews, never mind gentiles like Mr Mubarak, find all this hard to penetrate. However, there are other pointers to how the parties may act apart from Rabbi Porush's statements.

Both Rabbis Schach and Schneerson opposed Labour in its previous attempt, in 1980, to set up a pro-peace government. They are also united by their hatred of what they see as the anti-religious stance of Labour.

The religious parties always require large dollops of public money to cement their support for any government. Labour would be no less willing than the Likud to stump up. But over the last 15 years, the religious have appeared more comfortable in harness with Likud.

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PM gives Charter renewed impetus

By Allison Smith

MR JOHN MAJOR underlined his commitment to improving public services yesterday and gave fresh impetus to the Citizen's Charter, making clear that it would remain a priority.

Discussion for cabinet ministers and senior officials at Downing Street, chaired by the prime minister, represented an important element in shaking off the charter's "pre-election gimmick" label.

Mr William Waldegrave, the public-services minister, said after the meeting: "The whole charter programme has become a fundamental part of the way Whitehall is doing its work. The Citizen's Charter is with us and with you permanently." Flanked by Sir James Blyth, chairman of the prime minister's advisory panel on the charter, Mr Waldegrave emphasised that the benefits from a continuing programme of rising standards would become ever more apparent as the initiatives became more entrenched.

Departments should understand that setting real standards that might be missed at first was preferable to setting

targets so low they were bound to be achieved.

Pointing out that raising standards could provide savings and did not inevitably involve more public spending, Mr Waldegrave said he had an effective veto over whether his colleagues could invoke the charter in their spending discussions with the Treasury.

A white paper will be published in the autumn and there will be a further seminar to mark progress early next year.

Among specific measures highlighted were:

- Education: Fuller information about every school is to be available locally from next year, and the task of providing information to be taken away from local education authorities. Also included is the higher and further education charter, whose aims will include the right of students not to join the National Union of Students.
- Health: The aims involve an extension of the patients' charter to include standards in GP services, as well as guaranteed waiting times for certain routine operations, such as hip and knee replacements and cataract removals, to be

reduced from two years to 18 months from April next year.

- Transport: The London underground charter is to be published next month - it was originally scheduled for the end of March. Also included is better information for road users and a trial project of bus-stop indicators giving arrival time of next bus.

Other measures include consideration by the Department of Trade and Industry of "first-stop shops" to provide a point of contact for small business. There will also be a further extension of performance-related pay, and a pilot scheme in Birmingham to test the benefits agency and the employment service working together to make applying for benefits easier.

However, Labour attacked the charter for failing to protect consumers from steep price rises in privatised utilities. Mr Gordon Brown, shadow trade secretary, said every family was paying £390 a year in contributions to the pre-tax profits of the privatised utility companies. He called for an immediate cut in prices and the introduction of ombudsmen to oversee the utilities.



Leading the way: John Major arrives to chair the discussion on the Citizen's Charter yesterday

Pilots' union picks former Communist

By Michael Smith, Labour Correspondent

A FORMER Communist has been elected general secretary of the British Airline Pilots Association - a union that has traditionally prided itself on being non-political but which is thought to have a relatively high proportion of Conservative voters.

Mr Chris Darke, 42, an official of the MSF general technical union for 15 years, won 57 per cent of the votes in a ballot that attracted a 61 per cent turnout among the union's 5,300 members. He will start the £45,000-a-year job next month.

Balpa's national executive had backed Mr Darke, but supporters of Mr David Lebrecht, Balpa assistant general secretary and the only other candidate, said most members were unaware of Mr Darke's political background when they made the decision in March.

During the election campaign Mr Lebrecht's supporters enlisted Mr Norman Tebbit,

former employment secretary and Balpa member, who warned that the union was in danger of losing its apolitical reputation if it elected Mr Darke.

Mr Darke said yesterday he had never tried to hide his former membership of the Communist party. He had left it in 1985 "because I fundamentally disagreed with what they were doing" and now described himself as centre left in the Labour party.

The job of general secretary of Balpa was not about politics, he said. "If Balpa did subscribe to any political view my first advice would be to isolate from it as speedily as possible."

Mr Darke wants Balpa to play a central role in developing the European Cockpit Association, an embryonic European union for flying crew. "It has tremendous potential to become the first truly European union."

Mr Darke's election follows the death last year of Mr Mark Young, who was general secretary for 17 years.

Shipper for trial on Nissan UK charges

MR Tore Arne Thorsen, managing director of Scansirs AS, a Norwegian shipping agency, has been committed to Southwark Crown Court for trial on charges alleging corporation tax fraud at Nissan UK, the former importer and distributor of Nissan vehicles in Britain, Kevin Done writes.

Also named in the charges against Mr Thorsen are Mr Octav Botnar, chairman and managing director of Nissan UK, and Mr Michael Hunt, deputy chairman and assistant managing director of Nissan UK. Mr Thorsen was committed for trial by Tyneside magistrates on Thursday.

A warrant for the arrest of Mr Botnar was issued by the Inland Revenue in January, when he was in Switzerland. He has not returned since to the UK. The Swiss embassy said yesterday there was no agreement between the UK and Switzerland for extradition on alleged tax offences.

Mr Hunt and Mr Frank Shannon, a former Nissan UK finance director, were committed last month by magistrates in Worthing, West Sussex, for trial on related charges of corporation tax fraud. Their trial, which was originally set for the Old Bailey, will also now take place at Southwark Crown Court.

The charge against Mr Thorsen alleges that "together with Octav Botnar and Michael Hunt" he sought to defraud the Inland Revenue of corporation tax. The charge alleges that with Mr Botnar and Mr Hunt he "dishonestly" arranged for invoices to be prepared by Scansirs with "falsely inflated" freight charges due from Nissan UK.

The amounts were allegedly entered in the Nissan UK accounts for the years 1983 to 1992, resulting in Nissan UK's pre-tax profits being understated by £100m.

FoE plan to block bypass 'frivolous'

A DEVICE to block construction of a road by selling small plots of land to protesters was dismissed as frivolous and vexatious by the High Court yesterday.

The Norfolk branch of Friends of the Earth, the environmental pressure group, had paid about £2,000 for a ¼-mile stretch of disused railway line lying across the proposed route of the Wymondham bypass. It then sold off plots at £2.50 each to 1,700 supporters. FoE then claimed that the Department of Transport had failed in its legal duty to notify each individual plot owner of its plan to acquire their land through compulsory purchase orders.

Mr Justice McCullough ruled that the scheme was a device to frustrate the department. He struck out part of a court challenge to the orders, ruling that the plot owners' argument based on ownership of the square-metre plots was "frivolous, vexatious and an abuse of the court process".

Miss Denise Carlo, for Norfolk FoE and four individual plot owners, had been given leave to seek judicial review on the grounds that, as landowners, they had suffered a sense of grievance and substantial prejudice because they had not been notified.

The judge said the plot owners had known that the purchase orders would be made. The whole point of buying the plots was to frustrate the road scheme. However, the judge said they could challenge the road plan on the limited ground that the government disregarded evidence that, at a public inquiry in May 1990, Mr Philip Richardson, the mayor of Wymondham, misrepresented the views of the town council by saying that its members supported the department's preferred route for the bypass.

Levy threatened to curb packaging

By Ivor Owen, Parliamentary Correspondent

A LEVY may be introduced to curb extravagant use of paper and packaging for food, clothing and other consumer goods if voluntary action fails, Mr David Maclean, a junior environment minister, warned in the Commons yesterday.

He supported demands from all quarters of the Commons for further pressure to be imposed on packagers and retailers to reduce unnecessary packaging and waste.

Mr Maclean acknowledged the advantage of action on a European Community basis to deal with the issue, but emphasised the importance of ensuring that taxation of needless packaging should be handled at national level.

Although the government had no objection in principle to "an economic instrument such as a packaging levy", he stressed that the role of the EC in fiscal policy needed "very careful consideration".

Mr Maclean said officials of his department had met representatives of the packaging industry three times in the past six months to discuss ways of eliminating unnecessary packaging and reducing the amount of wrapping that is thrown away.

The government had indicated that it was prepared to take action "if the industry does not produce substantive proposals".

Mr Maclean said the British Retail Consortium had recently issued guidance on retail packaging to its members and their suppliers. Next week, he said, the industry would announce an initiative to deal with complaints about over-packaging.

Illustrating his department's commitment to recycling, Mr Maclean said 230 tonnes of waste paper had been collected since October 1990.

He predicted that the target of recycling 25 per cent of household waste would be achieved in the year 2000.

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NEWS: UK

Blue Arrow accused may sack lawyers

By John Mason

THE TWO defendants in the second Blue Arrow fraud trial are likely to dismiss their lawyers and defend themselves in court because they face massive tax bills on their escalating legal costs.

UBS Phillips & Drew has agreed to pay the legal fees incurred by Mr Paul Smallwood and Mr Tim Brown, former equities directors with the company, who are charged with conspiracy to defraud over their roles in

the 1987 Blue Arrow rights issue. Under Inland Revenue rules, those payments will be treated as benefits in kind to be taxed at the 40 per cent top rate - leaving both with possible income tax liabilities of up to £400,000 if convicted.

The total bills for the two defendants, both represented by MacFarlanes, the City solicitors, and barristers led by Mr Anthony Arledge QC, are each expected to approach £1m by the end of the trial.

The prospect of such large tax bills

forced both Mr Smallwood and Mr Brown to consider giving up the services of their lawyers.

Although they have yet to reach a final decision and are still examining the possibility of receiving legal aid to pay for new lawyers, both have effectively reconciled themselves to mounting their own courtroom defences without qualified legal assistance.

The trial, which is expected to last about three months, is due to start early in October.

Both Mr Smallwood and Mr Brown are believed to be well aware of the strains and pitfalls of mounting their own defences - as demonstrated earlier this year by Mr Roger Seelig, a former Morgan Grenfell corporate finance director, prosecuted over his role in the Guinness affair.

Mr Seelig's trial was abandoned after the stresses of defending himself drove him to the brink of a nervous breakdown. Court proceedings had been slowed by Mr Seelig's emo-

tional outbursts and psychiatrists brought in to examine him expressed concern that he had become potentially suicidal.

The tax liability has not arisen with those Blue Arrow defendants formerly employed by County NatWest. Unlike Phillips & Drew, County has undertaken to meet the personal tax liabilities of all former employees prosecuted by the Serious Fraud Office over the affair.

The issue is now understood to be the subject of "sensitive" discussions

between County and the Inland Revenue.

Mr Justice Brooke, the judge in charge of the two forthcoming Blue Arrow trials, yesterday rejected claims on behalf of the four remaining defendants that charges against them should be dropped because they could not be given a fair trial.

The trial of Mr Charles Villiers, a former County chairman, and Ms Elizabeth Brimelow, a former County compliance director, is expected to start in January.

Former Lotus chairman is jailed for fraud

By John Griffiths

MR FRED BUSHELL, the former Group Lotus chairman, was jailed for three years and fined £2.25m yesterday for his part in a conspiracy that defrauded De Lorean Motor Cars, the Belfast manufacturing subsidiary of Mr John De Lorean's abortive sports car venture, of £17.65m.

Lord Justice Murray, sentencing Mr Bushell in Belfast Crown Court yesterday, described him as a key figure in "a bare-faced, outrageous and massive fraud".

The Belfast venture collapsed 10 years ago after nearly £76m of taxpayers' money had been invested in it.

The government and Cork Gully, the receivers, are still seeking to recover funds from Mr De Lorean and others. So far, about £14m has been retrieved. The government is also suing Arthur Andersen, the De Lorean auditors, for £240m, claiming it should have been aware of mismanagement.

Mr Bushell pleaded guilty to conspiring with Mr De Lorean, the late Colin Chapman, founder of Group Lotus, and others to defraud the Belfast company over a four-year period to December 1982.

Lord Justice Murray said both Mr De Lorean and Chapman would have merited a sentence of 10 years for their part in the conspiracy. Mr Bushell was receiving a reduced sentence because of his late decision to plead guilty and his poor health. Mr De Lorean

faces arrest should he return to the UK.

Mr Bushell was also ordered to pay £100,000 costs and was warned that his sentence would be increased to four years if he failed to pay the full fine. The judge ordered that £702,010 frozen in a Swiss bank account - and now part of the £2.25m - be made the subject of a compensation order.

The court was told that Mr Bushell had received \$348,000 in the fraud, much of which had never been recovered. The judge said he was making the costs order because he was satisfied Mr Bushell had engaged in hindering activities.

Earlier, the court had heard how De Lorean Motor Company had entered into a £17.65m contract in 1978 for Lotus to develop the prototype. The work was supposed to have been paid for by US investors, but instead was paid for by De Lorean Motor Cars, the government-funded Belfast manufacturing subsidiary.

None of the money was received by Group Lotus. Mr Bushell and his fellow conspirators kept it after it had been funnelled through a Panamanian, an-registered, Geneva-based company, GFD Services, which had been set up a year earlier by Chapman and Mr Bushell.

The work was later carried out by Group Lotus but paid, on another invoice, by the Belfast company.

The prosecution said the fraud had inflicted a serious financial loss on the De Lorean company and was one of the factors that led to its collapse.



Fred Bushell: described as a key figure in a "bare-faced, outrageous and massive fraud"

O&Y faces threat to scrap Canary lease

By Vanessa Houkier, Property Correspondent

AMERICAN EXPRESS, the financial services group, said yesterday it would abandon plans to move 1,500 staff to Canary Wharf, the £1.5bn project in London Docklands that is in administration, unless contractual obligations were met.

The group has filed in US and Canadian courts to notify Olympia & York, owner of Canary Wharf, that payments totalling £22m due to American Express under a lease agreement have not been made.

Under the 30-year lease signed by American Express in June 1990, O&Y agreed to provide a fitting-out fund and to assume certain obligations on premises now occupied by American Express in London.

On April 1 this year, O&Y was due to pay Amex £31m, which was the unpaid balance of its fitting-out fund and £8.5m in respect of takeover leases. By May 28, the date Canary Wharf went into administration, O&Y still owed American Express £22m.

"We would reiterate that American Express has no intention of completing the lease provided for in the agreement or of moving to the premises unless they are satisfied that [the developers] intend, and are in a position, to honour all of their obligations," lawyers for American Express said in a letter to O&Y on Thursday. The payments concern fitting out the Canary Wharf building and indemnity against

containing liability on existing premises. Olympia & York agreed to take on 240,000 sq ft of space occupied by Shearson Lehman, the investment banking subsidiary of American Express, at Broadgate in the City of London.

A decision by American Express to pull out of Canary Wharf would be a serious blow for the project. As one of Canary Wharf's most prominent tenants, its withdrawal would further undermine the possibility of creating a prestigious business centre in Docklands.

Other tenants are reviewing plans to move to Canary Wharf, which could leave the project substantially unlet. Leases have been signed on 60 per cent of the first phases, but only 14 per cent of the tenants are installed.

The administrators' dilemma is that incentives offered by Olympia & York to tenants were so generous that it could be cheaper to persuade them not to move.

Olympia & York's policy was to ask high rents for space at Canary Wharf, while offering large incentives to sweeten the deals for tenants in the early phases of the project. Bankers believe that many of these deals do not make sense now the project is in administration.

Canary Wharf's administrators, Stephen Adamson, Nigel Hamilton and Alan Bloom of Ernst & Young, are due to present their initial proposals for the future of the project next Wednesday.

Irish government in Ulster talks

By Ralph Atkins

SYMBOLISM, rather than substance, dominated the first negotiations yesterday between Northern Ireland Unionists and the Irish government since 1973 - or since partition in the 1920s, depending on definitions.

This was not "strand two" of the seven-week-old talks on Northern Ireland's future. It was about drawing up an agenda for the point when the Irish government will formally enter to talk about relations between north and south Ireland. Sir Patrick Mayhew, Northern Ireland secretary, has still to announce when that will be.

As befitted a meeting no side wanted to overpromise, delegations of officials or MPs, not party leaders and ministers.

Arrivals were in modest official saloons or black cars. Confidentiality was kept.

The Rev Ian Paisley's Democratic Unionist party was expected to be the most recalcitrant. But he sent his daughter Rhonda, dressed in red, as in the Red Hand of Ulster, and Mr Nigel Dodds, a former lord

mayor of Belfast - the grandest post in Northern Ireland's local politics, even if its responsibilities stretch only to bins, bogs and burials.

As for other portents, the more moderate Dr Chris McGimpsey, of the Ulster Unionist party, wore a green tie.

The nationalist Social Democratic and Labour party - the keener on strand two and strand three (the final strand) - arrived 10 minutes late. "Bomb scares all over the place," said Mr Seamus Mallon, SDLP deputy leader.

The independent chairman was Sir Ninian Stephen, former Australian governor general. He has had a rapid lesson in the nuances of Northern Ireland politics.

Inside, the delegations sat around a rectangular ash table with green inlay. They talked, broke for lunch, then met again.

Late in the afternoon, as a storm broke over Westminster, a statement was agreed. "The parties completed consideration of a possible agenda for strand two," it said. As with the thunder, it was not clear what was foreshadowed.

Binders partner resigns after coup

By Andrew Jack

THE NATIONAL managing partner of BDO Binders Hamlyn, the eighth-largest UK accountancy firm by fee income, resigned on Thursday night after a partnership coup removed him from his post.

Mr Chris Swinson was replaced by Mr John Norton, the existing senior partner, at a meeting of the firm's national partnership committee. Mr Swinson resigned from the firm shortly afterwards.

Mr Swinson said yesterday that his resignation had followed "a dispute about the future management of the business". He said: "It was just untenable to continue with the firm."

He denied that the dispute was over a possible merger with another accountancy firm. "I have a mixture of emotions," Mr Swinson said. "Some of it is relief, some of it is disappointment. I am currently examining my options and enjoying the company of my family."

Mr Swinson has been an outspoken voice in the accountancy profession and he failed to win the vice-presidency of the Institute of Chartered Accountants in England and Wales this year. He had been widely credited with saving Binders when he was appointed a few years ago. Earlier this month Binders reported fee income down by more than 4 per cent, one of only four of the top 25 firms to report an absolute decline. The result reduced its ranking from seventh to eighth-largest UK firm.

CORRECTION

Lazard Brothers

THE FT of Monday June 15 incorrectly reported that Lazard Brothers managed a portion of the Mirror Group Newspapers Pension Scheme. In fact, Lazard Freres and Co was the manager.

Some MCC businesses to be sold

By Raymond Snoddy

OFFICIAL Airline Guides, bought by Robert Maxwell for \$750m in 1988, is to be sold to pay off some of the debts of Maxwell Communication Corporation.

OAG, the provider of airline schedule and fare information, as well as a number of other MCC information businesses, will go by trade sale or public offering.

Price Waterhouse, the administrator, has divided the main MCC assets in the US into two parts: the Macmillan publishing businesses, which

are to be retained; and the information businesses, which will be sold.

Macmillan Publishing, which includes college, trade and reference books, is likely to be floated next year.

The sale of the US businesses is expected to raise a total of between \$700m (\$275.2m) and \$1.1m, as well as about £100m from UK businesses, net of tax and other costs.

The proposals for Macmillan and OAG do not cover the group's 56 per cent shareholding in Berlitz International, which is the subject of legal action. Ownership is contested

between Macmillan and a number of financial institutions, to which the shares were allegedly pledged by private Maxwell companies as security for loans.

No agreed list of creditors has yet been drawn up, but the total sum owed is estimated at about £1.6bn.

The administrators say the Macmillan and OAG businesses are well managed and profitable, and will be held as long as necessary to achieve full value.

MCC is in administration in the UK and under Chapter 11 protection in the US. Admin-

istrators in both countries have been trying to find common legal ground between the different requirements of UK and US bankruptcy law.

Apart from OAG, the administrators plan to sell:

- Standard Rate & Data Service, which compiles and distributes media and marketing information to US advertising agencies; and
- Molecular Design, the supplier of information management systems for pharmaceutical and chemical research;
- P.F. Collier, which publishes and markets the Collier Encyclopedia.

Maxwell saga enters new phase

THE ARREST and charging of Mr Kevin Maxwell and Mr Ian Maxwell this week, together with Mr Larry Trachtenberg, the US businessman who was one of their investment strategists, launches the Maxwell investigation into a new phase.

Media reporting about the Maxwell brothers and Mr Trachtenberg is now restricted by the rules of contempt of court. The recent flood of "signature" stories - who allegedly signed what documents and when - that had painfully started piecing together a public explanation of how the money may have vanished, will now largely stop.

But the investigation by the administrators of Robert Maxwell's collapsed business empire and by the provisional liquidators of the raided pension funds continues, and so will the accompanying civil cases in the courts for battles over the ownership of the assets of the Maxwell empire.

Several pressing questions remain to be answered. How much can be recovered for the pensioners? The Maxwell pension funds should have been worth more than £970m. Instead, \$448m of the assets are missing. Some cash is now in the hands of the banks.

The tussle between banks and pensioners will be one of the focuses of civil actions that will occupy the next few years. Some battles have already begun. Next week, National Westminster Bank and the administrators of the private

Bronwen Maddox reports on how the investigations may develop

Maxwell companies are expected to resolve the dispute over which side owns a £21m block of shares in Teva, an Israeli pharmaceutical company.

Meanwhile, MPs from both sides of the Commons have declared that the banks have a "moral responsibility" to return some of the money. Mr Peter Lilley, social security secretary, announced last week that a government trust to solicit contributions for the Maxwell pensioners will be headed by Sir John Cuckney, a leading City figure with a reputation as a company doctor.

Mr Lilley suggested that financial institutions might feel that they had some responsibility to recompense Maxwell pensioners.

That committee arose out of the intense public pressure of the past two weeks, both from the press and from the recent pensioners' march on the Commons. Its aims may well be too optimistic; financial institutions have reacted with indignation, saying they are not responsible for the alleged fraud. The issue will be systematically tackled in the courts, but that will take years.

Until the response of the banks is clearer, the government has allocated just \$2.5m as an emergency fund for the Maxwell pensioners.

There will also be civil

investigators in establishing whether money could be retrieved for victims of the Maxwell fraud.

Third, attention is likely to turn to the question of whether the professional firms involved - auditors, actuaries, merchant banks, stockbrokers - fulfilled their responsibilities. Similar questions can - and will - be directed against Imro, the fund management watchdog, which had the responsibility for licensing and supervising the Maxwell pension management companies.

The alleged offences in the charges made against the Maxwell brothers and Mr Trachtenberg occur between November 1990 and December 1991, five weeks after Robert Maxwell's death. The questions that may be directed to professional firms are likely to ask whether they should have detected worrying patterns of behaviour as far back as 1989.

Robert Rhodes has said that in its view some of the pension funds' trading may have been highly irregular from that date onwards.

Robert Maxwell's last will and testament left more than \$2m to his family and friends, with the rest of his personal estate going to causes including world peace, the defence of Israel and the eradication of Alzheimer's disease and cancer. It is expected to go to probate. Once that happens, it is in the public domain and will form part of the assets to which the various creditors have claims.

Names press for special meeting

A GROUP of Names is to seek an extraordinary general meeting of Lloyd's of London to press for reforms at the insurance market early next week, Richard Lapper writes.

One hundred and ten of the market's more than 20,000 Names - the individuals who provide the market's capital - have signed a motion that will be submitted to Lloyd's on Monday, according to Mr Richard Astor, a lawyer who has organised the move. Under the society's rules, Lloyd's must convene the EGM within four to six weeks once it has been asked for.

The EGM will act as a focus for the anger of Names facing heavy losses, who have been disappointed by this week's decision to reject a bail-out plan. A minority of Names will bear the brunt of losses of about £2m for the 1989 year which Lloyd's will report at its annual general meeting on Wednesday.

The motion alleges that the council - the Lloyd's governing body - has failed to properly manage the affairs of Lloyd's and ensure protection to Names.

Asda launches discount store

ASDA is launching a limited-range discount superstore which, if successful, may lead to a significant repositioning of the Leeds-based grocery chain.

The company will today open a converted 10,000 sq ft superstore, trading under the Dales logo, in Longsight, Manchester. Two other experimental stores are expected to follow shortly in different catchment areas.

The Dales stores will provide a narrow range of goods concentrating on fruit and vegetables and baked products.

Basketball star due in court

MR ALTON BYRD, the basketball star who is in Spain with the British Olympic squad, is one of three men due to appear in a London court next month in the latest insider dealing prosecution by the Department of Trade and Industry.

Mr Byrd, a former account manager with Svenska International, the London arm of Svenska Handelsbanken, Sweden's second-largest commercial bank, is accused of six offences of communicating unpublished price-sensitive information about securities and one of counselling or procuring another person to deal in securities.

Mr Roger Hall Wilcocke, a company director, and Mr Graham Julian Shear, a solicitor, are each accused of one offence of unlawful dealing on the basis of unpublished price-sensitive information.

Mars Bar advert complaint rejected

THE MARS Bar advertising slogan - "A Mars a day helps you work, rest and play" - does not mislead consumers, the Independent Television Commission has ruled.

It rejected a complaint by Action and Information on Sugars, a pressure group concerned at the amount of sugar in the UK diet.

BCCI settlement moves closer

TOUCHE Ross, the provisional liquidators of the Bank of Credit and Commerce International, has moved closer to gaining complete approval for the \$1.7bn compensation package negotiated with the Abu Dhabi majority shareholders.

A court in Grand Cayman which has jurisdiction over BCCI Overseas, one of BCCI's two banking arms, gave its approval to the package on Thursday, effectively endorsing the English High Court decision a week earlier.

Business rate

BUSINESSES that benefit from the Budget measure to improve transitional arrangements for the uniform business rate should receive their lower bills in August, Mr John Redwood, the local government minister, said yesterday.

Crisps dispute

UNIONS at Smiths Crisps have voted 83 to 419 on a turnout of more than 75 per cent for industrial action. The move is in response to a company decision to abandon national bargaining and national union agreements in favour of plant-level bargaining.

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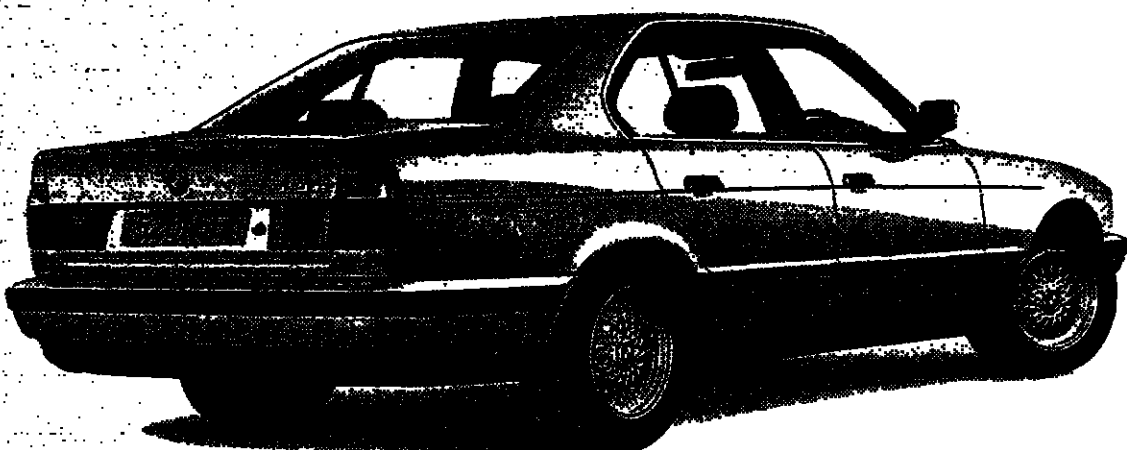
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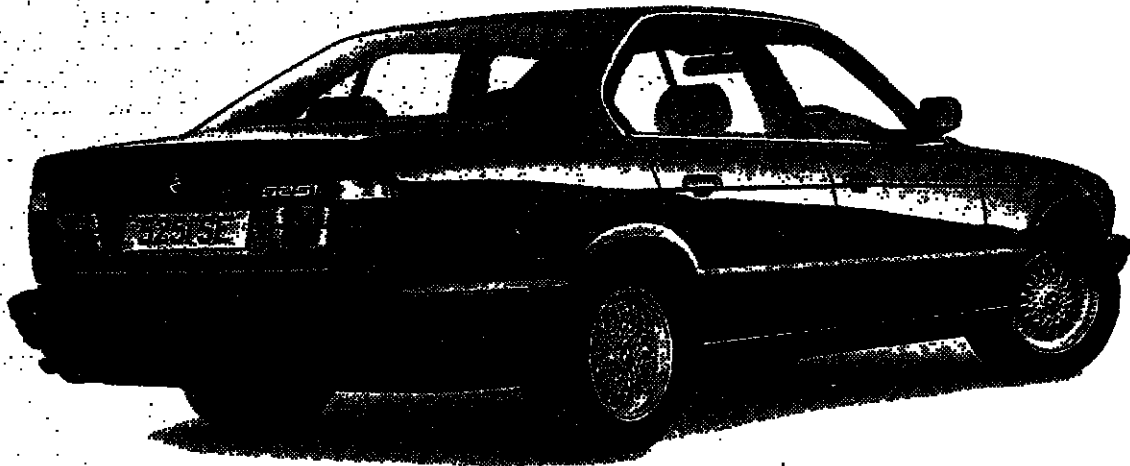
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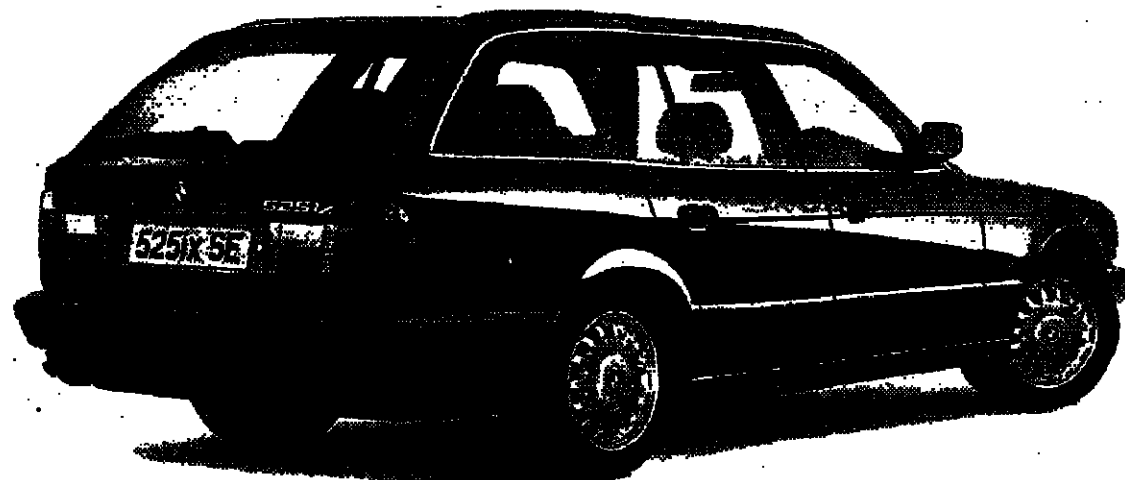
525i SE.
2.5 litre, 6 cylinder 24 valve fuel injected engine, 192 bhp, 0-62 mph in 8.6 secs.
£24,840.



525i Touring.
2.5 litre, 6 cylinder 24 valve fuel injected engine, 192 bhp, 0-62 mph in 9.2 secs.
£24,950.



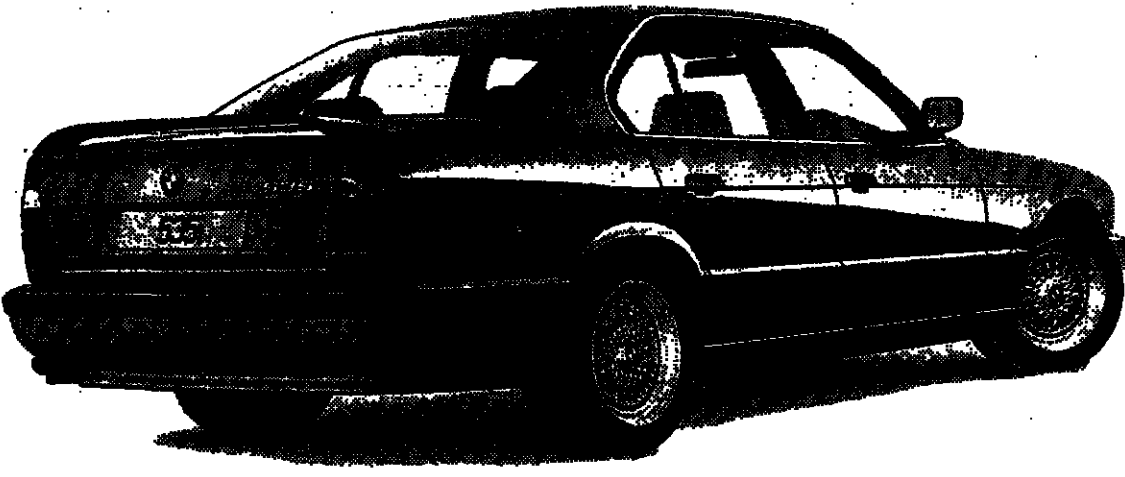
525i Sport.
2.5 litre, 6 cylinder 24 valve fuel injected engine, 192 bhp, 0-62 mph in 8.6 secs.
M-Technic Sport Equipment. £27,340.



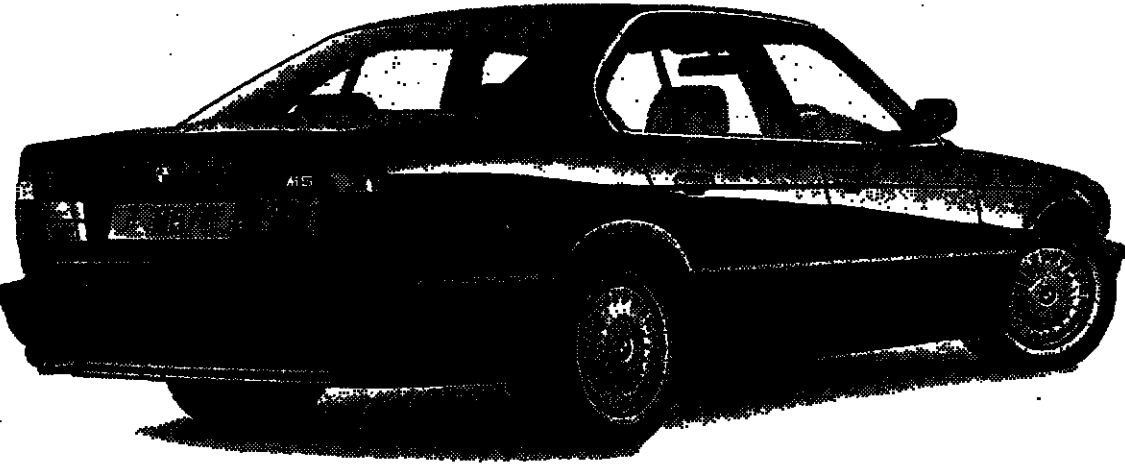
525ix SE Touring.
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Saturday June 20 1992

Pensions after Maxwell

ONE OF the least attractive features of the way in which financial services are regulated in Britain is that no loophole or abuse is ever addressed until a scandal of such magnitude breaks that it becomes impossible for the government of the day not to act. Thanks to the monstrous theft perpetrated by the late Robert Maxwell against pension scheme members in his business empire, the time for action has belatedly arrived. The striking feature of Maxwell's crooked dealings, which have been revealed in all their convoluted detail in a series of articles in the Financial Times this week, is that they were constrained by scarcely any checks and balances worthy of the name. What lessons can we draw from this extraordinary saga for future pensions provision and regulation?

It is tempting, especially for those directly involved in the pensions business, to regard Maxwell as a one-off phenomenon; and certainly the scale of the theft was unprecedented. Yet it could also be argued that Maxwell is simply an extreme case of a more widespread problem, which is that directors often have considerable discretion over the deployment of pension scheme assets in circumstances that involve severe potential conflicts of interest *vis-à-vis* the beneficiaries.

One narrow manifestation of that problem has emerged over the past 10 days in the shape of news about several perfectly legal, but incestuous, deals between companies and their pension funds. These include transactions at groups as various as Burlington International, cooker manufacturer Belling and LEP Group. The common feature is that the companies entered into these transactions while financially stretched - Burlington and Belling are now in receivership - and there are now questions about the implications for pension benefits.

Compensation scheme

A government committee under Professor Roy Goode will shortly examine a range of issues to do with the legal framework, the ownership of pension scheme surpluses and the case for a compensation scheme, all of which have a bearing on transactions of this kind. While it is a tribute to the integrity of British employers that conflicts of interest have been so infrequently abused in the past, it is also clear that with corporate failures running at a high level, pension scheme assets are at risk as never before. The government must recognise that legislation cannot wait. A ban is needed on all dealings between companies and their pension funds.

This would not stop another Maxwell, but it would be a deter-

rent for those employers who would stop at a breach of the law. It would also spare the government a bigger spate of demands for compensation following its decision to provide modest support for Maxwell pensioners.

The wider manifestation of the inherent conflict of interest in occupational pensions can be seen in the argument over the ownership of pension fund surpluses. Employers argue that they are entitled to surpluses because they guarantee the solvency of the scheme. Yet the guarantee depends entirely on the goodwill of the employer, since employers usually control the board of trustees; and most trust deeds permit the trustees to change the rules at will, including those relating to the solvency guarantee.

Contribution holidays

One consequence of all this is that companies are often taking contribution holidays when present and deferred pensioners are still suffering from a fall in the value of their pension in real terms. There are also numerous inequitable cross-subsidies in the system such as those whereby long stayers benefit at the expense of the redundant, whose pension rights are devalued either by inflation or penal actuarial valuations on transfer to other funds. And since the cost of pensions funding increases as employees grow older, employers have a powerful incentive to lay off ageing employees.

None of this seems compatible with any meaningful notion of trust. It also points to a fundamental flaw in the legal framework, which is that trust law was simply not designed for an arrangement where the settlor of the trust retains a continuing interest in the finances of the scheme. The natural priority for Professor Goode's committee will thus be to weigh the case for reform of trust law as opposed to new pensions legislation; to consider ways of making trustees genuinely independent and of ensuring that assets are safely out of reach of company management; and to recommend some form of bonding or compensation scheme to provide for the victims of abuse.

Yet it could be argued that the whole system of occupational pensions is so fundamentally flawed that a more radical approach is called for. It is simply impossible to escape the ill-effects of the conflicts of interest inherent in paternalistic final salary schemes.

If pensions in the Maxwell empire had been organised on a personal basis, the scope for theft, cross-subsidy and arguments about surpluses would have been much reduced. Professor Goode should not hesitate to express a view on the more radical options.

At the annual general meeting of Lloyd's last June Mr David Coleridge, the insurance market's 60-year-old chairman, gave a virtuoso performance. Standing with his back to the yellow and silver escalators at the centre of the market's glass and steel headquarters, Mr Coleridge held court with a hostile audience of Names for four hours, explaining the reasons for the market's first loss in 20 years.

"Tears were streaming down his face as I gave the vote of thanks," says Mr Robert Hiscox, who was then chairman of Lloyd's Underwriting Agents Association.

At this year's AGM next Wednesday Mr Coleridge's task will be even more difficult. Up to 3,000 Names the individuals whose personal wealth underpins the market's capital base - will be severely affected by losses of some £2bn accumulated by their syndicates in 1991 which, in line with the three-year accounting system used by Lloyd's, are reported this year.

The losses are the biggest the market has incurred and their burden will fall most heavily on members of spiral reinsurance syndicates which specialised in reinsuring each others' and company exposures to high-level catastrophe risks. About half the market's total £2bn loss will be borne by 15 of the 401 syndicates trading in 1991. They have been swamped by claims arising from hurricanes Hugo which devastated the Caribbean in September 1989, and a series of other disasters. Several thousand Names on syndicates managed by the Gooda Walker agency, which is now in liquidation, face losses of about £500m.

Lloyd's decision this week to reject a plan to bail out the hardest-hit Names will fuel anger among them. Some allege that working Names - market insiders who work with agents and brokers accepted the least risky business for themselves and thus avoided the worst losses. Further complaints include claims that underwriters charged rates that were too low for the size of risks being covered, and that agents funnelled some Names into too many spiral syndicates. A blizzard of litigation is being promised by Names' leaders to add to the legal actions being taken by several thousand Names against their agents and against Lloyd's itself.

Yet despite the sense of crisis that has severely dented confidence in the market, in some respects there is more optimism than when Mr Coleridge gave his performance last year. Several developments over the past 12 months give for hope that once the storm is past, the market may be on the road to a new phase of prosperity.

● Virtually all sectors of the market are benefiting from rising rates, which is increasing the flow of cash into syndicate funds, helping to alleviate liquidity problems caused by the big catastrophe claims of 1989 and 1990 and bringing the slim prospect of profit for 1991 business. "Underwriters are beginning to walk around with a spring in their step," says an agent.

For example, rates for marine and aviation insurance have climbed steadily upwards and insurers have attached tough new conditions to policies.

● The "hardening" of the market has been reinforced by a reduction in syndicates from 354 in 1991 to 278 this year, and stronger management by the agencies, which manage syndicates and handle the affairs of Names. This makes a repeat of some of the worst mistakes of the

Lloyd's summer of discontent

The insurance market is taking steps to meet a shortage of capital and a crisis of confidence, writes Richard Lapper

1990s less likely.

● Although the market is mired in litigation, Lloyd's has won some decisive battles. In April Lloyd's defeated a move by 800 Names to seek injunctions preventing the market from drawing down on their deposits to pay losses. Several cases have been won in the United States, where Lloyd's has successfully argued that disputes between Names and their agents must be heard in English rather than in American courts.

● Lloyd's has quashed fears, rife earlier this year, that it may even be unable to meet claims because of cash flow or solvency problems. This month the size of the Central Fund - which pays claims when Names are unable to meet their obligations - was increased by £500m to £1bn. The money was raised by a one-off levy on Names participating in the 1990, 1991 and 1992 years.

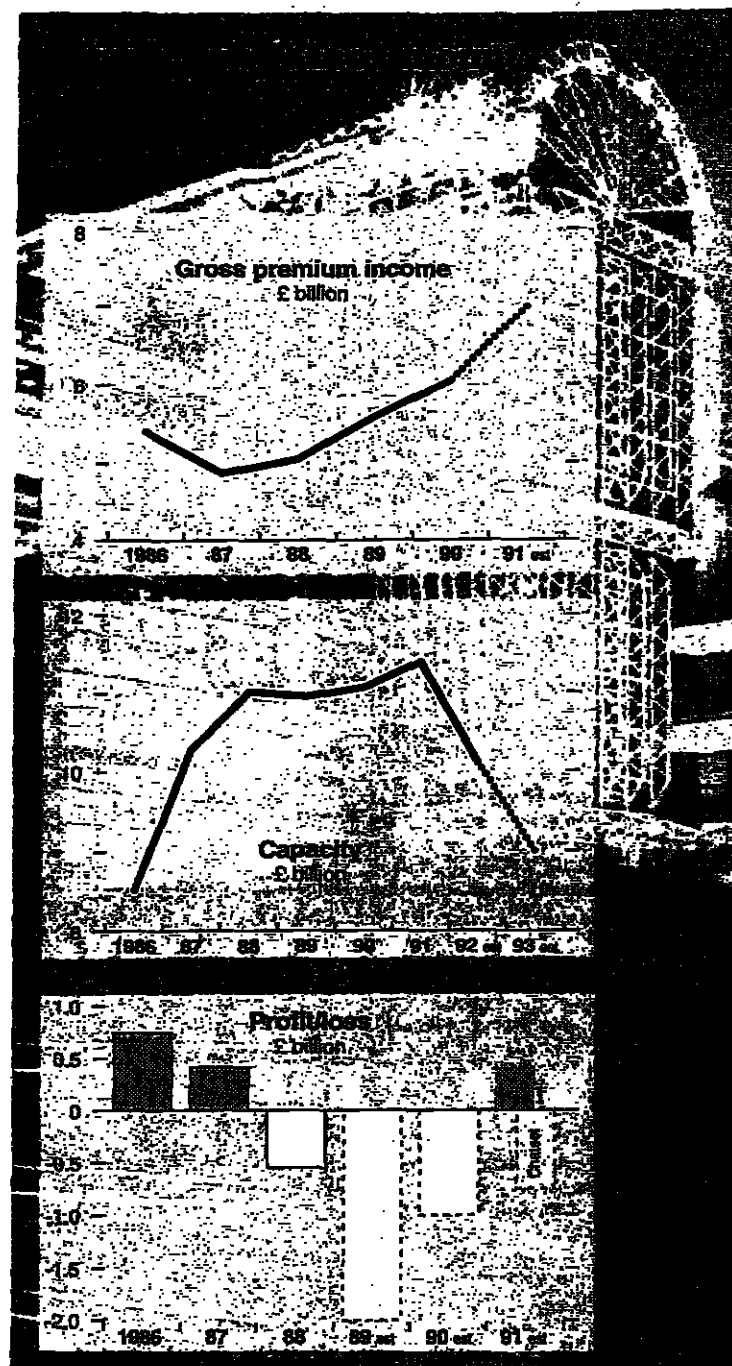
● Measures to strengthen the regulation and leadership of the market could also be in the pipeline. Early next month the conclusions of a committee headed by Sir Jeremy Morse, chairman of Lloyd's Bank, which has been examining these issues, will be published and almost certainly acted upon by the market. The committee is tipped to endorse proposals which would lead Lloyd's to introduce a greater element of external monitoring of its system of self-regulation. It could also push for the setting up of a market board to provide more effective business leadership.

A second committee, chaired by Sir David Walker, head of the Securities and Investment Board, which has been examining allegations of "insider trading", will also report next month. Mr Coleridge, who earlier this year promised to "string up" anyone found to have committed such offences, will hope that the report puts an end to damaging reports which have tarnished the market's image.

Despite progress on all these fronts the market faces the problem of a potentially acute shortage of capital in the medium term. The exodus of Names and the steady reduction in the size of its capital base looks set to continue.

Since 1988 some 10,000 Names have ceased underwriting at Lloyd's. Mr Colin Murray, a Lloyd's Council member, said this week that he expects the number of Names to shrink by a further 10 per cent this year, taking numbers from their present level of 22,500 to below 20,000.

Last year the market's total capacity fell from \$11.4bn to \$10.1bn and is set to drop to at least \$9bn next year. Some pessimists put the figure as low as \$7bn.



A few critics believe this decline indicates that the capital base of the market is beginning to disintegrate. Mr John Rew, co-author of Chatstat, a company which monitors the results of syndicates, says that without external help the market is set to "melt down".

He predicts that the weight of catastrophe losses and continuing claims from US asbestosis and pollution cases will gradually eat away at the assets of Lloyd's Names and undermine future profitability, with the market's capacity shrinking to as little as \$4bn by 1995.

Mr Rew predicts that a further levy on Names will be needed to

replenish the Central Fund to cover losses arising from 1990 and 1991 business, which could amount to more than £1.75bn, he says. This will have the effect of "cascading" the losses of the worst-hit Names across the entire market.

Other observers who take a far more sanguine view are still concerned about capital shortages. Mr David Rowland, chairman of Sedgwick, the international broker, who last year headed a review of Lloyd's business practices, says capital shortages could restrict the market's growth and reduce its ability to compete in the international reinsurance and specialist commercial

insurance markets. Although Lloyd's current capacity of £10.1bn is well in excess of its premium income - which reached an estimated £7bn last year - a shortage is already apparent as rates start to rise. In other words, some big companies are unable to buy enough insurance to meet their needs.

Two solutions have so far been devised to solve the problem of expanding the capital base. First, a scheme to cap the losses of new Names who join next year has been introduced. This radically modifies the principle of unlimited liability, whereby Names commit their entire personal wealth to backing the market. New members should be attracted to the market if their risks are thus reduced. Second, in the medium term, the hunt is on for corporate capital. The suggestion that Lloyd's should tap this source of funds for the first time was one of the most radical conclusions of the Rowland task force's report.

So far the signs are reasonably good. Lloyd's has received legal opinions indicating that no substantial changes to the Lloyd's Act which provides for self-regulatory status will be required. Over the next six months another Lloyd's committee will negotiate the regulatory and tax implications of such a move in all the markets in which Lloyd's trades. Corporate capital could be introduced by 1994.

Meanwhile, in a supplementary move to gain indirect access to corporate capital Lloyd's has announced measures to make it easier for syndicates to form consortiums with insurance and reinsurance companies. They also intend to make more use of reinsurance to offset risks.

Several agencies are getting into shape to attract corporate investors. For instance, Castle Holdings, one of the fastest-growing agencies, last month announced a reorganisation of its syndicates, centralising administration of its nine syndicates and more precisely focusing the activities of each.

Mr Alec Sharp, a leading underwriter with Castle, says: "Corporate capital is a different kind of philosophy to Names' capital." In general, agents and underwriters will need to operate in a more open and disciplined way.

In line with others at Lloyd's, Mr Sharp believes that the most obvious source of capital will be the insurance and reinsurance companies which have traditionally worked alongside syndicates. He says participation in syndicates, possibly backed by a share stake and a position on the board of the managing agency, would offer several advantages for insurers, such as access to the specialist - and often expensive - skills of the most successful Lloyd's underwriters.

Ultimately though the willingness of corporate investors - and new Names - to commit capital to the world's oldest insurance market will depend on the confidence it inspires in those who do business there. As Mr Coleridge rises to speak next Wednesday he will be acutely conscious of that fact. Although some of the signs may be good, the fate of many existing Names and the repercussions of their legal battles could keep the market on the defensive for some time. Mr Hiscox is confident about the market's prospects, but says of Mr Coleridge and his task on Wednesday: "There aren't many men who would like to be in his shoes."

Maastricht back on track

Irish voters have brought the EC back from the brink, says David Buchan

By their two-to-one vote in favour of the Maastricht Treaty, Irish voters have firmly holstered the EC's project for political and monetary union back on to the rails.

It is still - and will be for many months - an open question whether the Community locomotive will eventually reach Union Station, or hit another set of buffers along the way. Ten more EC states have yet to pronounce on Maastricht. Any repeat of Denmark's June 2 rejection would derail the Maastricht train for good. And, because of Denmark's decision, it is still unclear whether the train will have more than 11 carriages to it.

But the "pleasure and delight" which Mr Albert Reynolds, the Irish prime minister, said he felt at his people's "very clear-cut" approval of Maastricht was yesterday felt around Community capitals.

In the very short term, the Portuguese presidency of the EC can now expect to host a "normal" summit next week in Lisbon. That is to say, it can be a summit devoted largely to such traditional Community activities as squabbling about money and sites of its institutions, rather than a crisis session of soul-searching about the Community's future, or even its present existence.

Another immediate consequence is that Mr Jacques Delors is sure to be re-nominated in Lisbon as Commission president. Only a heavy Irish "no" might have led some EC leaders to question the wisdom of keeping him on in the drivers' cab. Even then, they would have been pushed to find plausible alternatives among Mr Delors' 16 fellow commissioners.

The Irish vote bodes well, but not decisively, for a "yes" to Maastricht in France's autumn referendum. France will be the last of the three countries seeking direct democratic approval of the European Union



treaty. For Maastricht's sake, this is probably just as well. An opinion poll yesterday showed 52 per cent of Germans would vote against the treaty, if given the chance.

The evidence, from the national parliamentary debates and from the two referenda that have now taken place, is still that what most people think is right or wrong with the future Maastricht Treaty is largely derived from what they already believe to be right or wrong with the existing Community. Many Irish said "yes" to Maastricht, simply because in 19 years of EC membership they have always got more money out of the EC than they paid in. Likewise, pollsters' subsequent questioning of Danes who voted "no" on June 2 shows that many were preoccupied by such irritants as EC prescriptions against "curved cucumbers" (straight ones are easier to peel, deemed the EC).

Logically, therefore, the Irish "yes" does not cancel out the Danish "no". These different verdicts largely reflect the Community's dif-

fering impact on these two countries. Politically, too, the Irish vote does not mean a return to the status quo ante June 2. Federalists now realise they may have been lucky to get a Maastricht Treaty signed at all. Until June 2, the European Parliament, and to some extent the Commission, carped endlessly about Maastricht's failure to give them more power. No longer. They now praise, and pray for, it.

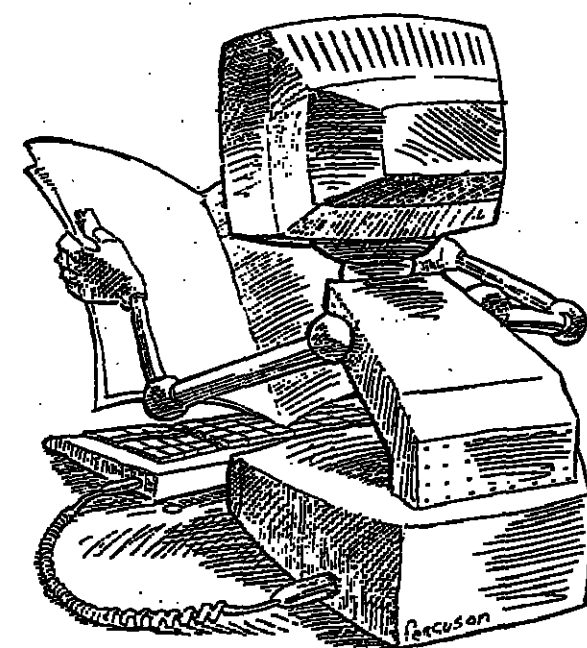
Another consequence is that, in the backwash of the Danish vote, "the Commission is beginning to see itself as others do", said a senior EC official yesterday. "That is no bad thing. Mr Delors has taken on the chin the criticism that he has been a grabber of power. In an interview this week, he pledged Brussels would not tread on member states' toes in matters of internal security, justice, local planning, health, culture and education, and said his Europeans had started work to return some implementation and supervision of EC environmental rules to governments.

The Danish reverse has also killed the notion that there must be further institutional reforms agreed before European Free Trade Association (EFTA) countries join the EC during the 1990s. The dominant Brussels view had been that the Lisbon summit should consider more majority voting, even beyond that contained in Maastricht, as the only way to stop decision-making in a more numerous Community sailing up. Apart from commissioners and ministers from Spain, which is allergic to Eftans joining on almost any terms, this view is espoused only by Mr Frans Andriessen, the Dutchman who is external affairs commissioner, and by the Belgian government.

These developments are welcome to the UK government, which now has 10 days to the start of its EC presidency. "We want to turn these [Danish-caused] difficulties to good effect," said a British minister this week. "to get more progress on subsidiarity and enlargement than we otherwise could have." How to nail down Mr Delors' pledges, in particular on subsidiarity, in a way that could bring Denmark back into the fold at the year's end, while at the same time avoiding renegotiation of Maastricht, will be a test of British diplomacy.

But the glimpse of the abyss provided by Denmark may have a salutary effect. "There is a 50 per cent chance," says an EC official, "that we may come very close at Lisbon to agreeing on sites for our various new institutions", including the European Monetary Institute, planned forerunner of the European Central Bank. Equally, there is the outline of an agreement on future EC financing. These tricky issues have been put into proper perspective by the potential failure of Maastricht - provided the Irish "yes" does not restore the sense of complacency shattered by the Danish "no".

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INTERNATIONAL COMPANIES AND FINANCE

Euro Disney plans third French leisure complex

By Alice Rawsthorn in Paris

EURO DISNEY, which has been battered by bad publicity since this spring's opening of its Euro Disneyland theme park near Paris, has received the French government's go-ahead to build a second park and has announced plans for a third complex.

The group, which has been trying to play down press speculation about poor attendance at Euro Disneyland, plans to open the second park at a cost of FF1.8bn (\$3.6bn) in 1993. This park, which will be close to the existing complex at Marne La Vallée to the west of Paris, will adopt a similar theme to the Disney MGM Studios complex at Disneyworld in Florida by including attractions based on the imagery of US movies and the Hollywood film studios. The complex will also house Euro Disney's corporate offices.

At one stage Euro Disney had planned to bring forward the schedule for the second park so that it would open in 1995. However, earlier this

month it announced it was reverting to the original proposed opening date of 1996.

Euro Disney yesterday confirmed that it plans to open a third park, also at Marne La Vallée, provisionally scheduled for opening in the year 2000. This park will adopt the futuristic concept of Epcot, the Disney monument to science and technology, in Florida.

Confirmation of plans for the second and third Marne La Vallée parks comes at a time when Euro Disney is anxious to allay concern about the initial response to Euro Disney-land.

Earlier this month the group said 1.5m people had visited the complex, by far the most expensive theme park in Europe, since its opening on April 12. However, Euro Disney, which has consistently refused to disclose its own internal targets for the park, also admitted that the pattern of attendance had been erratic with troughs during off-peak periods and that the number of visitors from France was lower than originally expected.

Nestlé bid probe leaves Perrier 'paralysed'

By William Dawkins in Paris

SOURCE PERRIER, the French maker of bubbly mineral water, yesterday said it was in "paralysis" awaiting the results of the European Commission's inquiry into the FF15.4bn (\$3.9bn) bid from Nestlé, the Swiss food multinational.

Mr Jacques Vincent, Perrier's chairman, told a shareholders' meeting: "It is clear that we are in a vacuum that is dangerous for everyone, including Nestlé."

Earlier this month, the Swiss group revealed that the Commission had serious doubts that the bid might create a duopoly of Nestlé and BSN on the French mineral water market. It is contesting this preliminary finding.

"Currently, we are living in a kind of paralysis," said Mr Vincent. The Nestlé bid was suspended in March, awaiting the Commission's ruling, expected late next month or early August.

Perrier's turnover rose 5 per cent to FF3.13bn in the first quarter of this year, reflecting poor mineral water sales in Britain and the US, but growth in the rest of the world.

Sales of the Perrier brand in the US and Britain are running at 53 per cent of the level three years ago, just before the group withdrew its world stocks following the discovery of benzene contamination.

Mr Vincent said the US and UK mineral water markets remain very gloomy. "We don't see any recovery ahead but the situation is not truly catastrophic," he said.

Mineral water sales in France are running at 10 per cent above last year's level. Outside France, the US and the UK, mineral water sales are up 25 per cent this year.

First-quarter mineral water sales were virtually static in France at FF1.1bn, fell 3 per cent outside France to FF1.08bn. Cheese sales fell 6 per cent in France to FF2.6bn but surged 17.5 per cent outside France to FF2.69bn.

Business ticking along just nicely at SMH

Ian Rodger on the rapid progress still being made by the top Swiss watchmaker

If you believe in companies living through cycles, then you could wonder if SMH, the Swiss watch group that developed the phenomenally successful Swatch, is at, or nearing its peak.

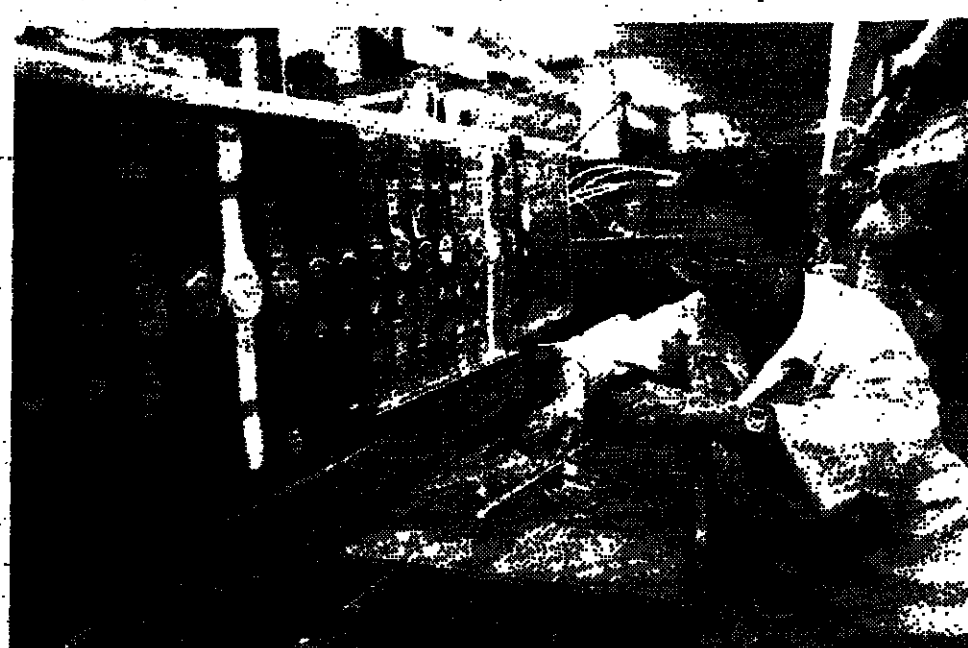
Some telltale signs of hubris were in evidence at this week's annual press conference at the group's Longines subsidiary in the Jura mountains.

On tables at the entrance to the conference room were copies of a study by an investment research organisation describing SMH as the best-managed large company in Switzerland.

Nicolas Hayek, the expansive chairman, revealed that 50 securities companies in the UK, Germany and Switzerland had published studies of the group, and he estimated that the finance director and his team were now spending 30 per cent of their time fielding queries from investment analysts.

To judge by the Swiss and international media, Mr Hayek himself spends a good deal of his time in interviews as well. He has also become more visible lately in support of worthy causes. He participated in the preparatory meetings at the United Nations for the Earth Summit in March and launched a summit commemorative model Swatch.

By now, the SMH-Hayek success story is a familiar one. The Swiss watch industry was laid low in the late 1970s by Japanese companies that were quicker to capitalise on quartz



SMH is set this year to surpass Citizen of Japan as the world's largest producer of watches

and digital technologies. Between 1974 and 1983, exports of Swiss watches and movements crashed from 91.1m pieces to 42.8m.

In 1982, leading Swiss banks asked Mr Hayek, a Zurich engineering consultant, to attempt a merger and rescue of two of the largest companies. Mr Hayek started them by saying he would attack the Japanese head-on and try to recapture the mass market through heavy investments in automated manufacturing, product development and marketing.

Retreating to niches, he declared, was pointless. "The rest is history. In less than 10 years, SMH has gone from the edge of bankruptcy to becoming a highly profitable, financially powerful world leader. Group net profits have risen substantially every year since 1985, jumping 31 per cent last year to SF2.62m (\$177.4m). No precise forecast was given for the current year, but Mr Hayek said he was hoping for another record result and was "full of euphoria" based on progress so far. Sales to the

end of May were up 40 per cent.

He also announced triumphantly that SMH would this year surpass Citizen of Japan to become the world's largest producer of watches and movements.

Mr Hayek, who vaguely resembles the Hollywood actor and director Danny De Vito, has inevitably become something of a guru on consumer product marketing in general and beating Japanese competitors in particular. His main observation is that

many consumer products induce an "emotional" response. The purchaser has a more complex relationship with them than with, say, bread or a desk. To be successful, these products must not just have an image, they must deliver a message.

Mr Hayek was pleased to report on the success of the group's diversifications into wrist-watch pagers and personal telephones. His biggest project, in co-operation with Volkswagen, is to develop an environmentally friendly car. Mr Hayek refused to reveal details of the car, which has attracted much speculation, but said it was "very beautiful" and he hoped to launch it in 1996.

Does this all add up to hubris? It would be dangerous to come to that conclusion. For one thing, SMH is Swiss, and Swiss companies are known for retaining their discipline for longer periods than many Anglo-Saxon ones. For another, Mr Hayek seems to know the dangers ahead, as he emphasised yesterday.

"The seeds of failure lie in success itself. We must be energetic and tireless, and every day fight against the beginnings of arrogance towards our customers. We must also be energetic and tireless against any tendency to become presumptuous, to rest on our laurels or fall back into old habits. This would be deadly for the enterprise."

Ares-Serono to raise SFr51m by rights issue

By Ian Rodger in Geneva

ARES-SERONO, the Swiss pharmaceuticals group which specialises in human fertility drugs, is raising SFr51.4m (\$36.1m) through a one-for-six rights issue to bear shareholders and a conversion offer to registered shareholders.

The group, 86 per cent controlled by the Bertarelli family, then plans to split both classes of shares on a one for five basis.

The capital restructuring, similar in many respects to those carried out recently by other Swiss companies, has been criticised in some quar-

ters because it will result in a dilution of the value of the bearer shares.

This is because the conversion of some of the Bertarelli family held registered shares to bearer shares will be carried out at the difference in their par values, SFr150 per share, which is well below the difference in their market values.

Mr Hans Thierstein, finance director, pointed out that this option was set when the family floated shares in the company on the stock market in 1987. He also noted that the family has waived its right to participate in the proposed one-for-six rights issue at par.

Aarhus Olie to sell units

By Hilary Barnes in Copenhagen

AARHUS OLIE, the Danish vegetable oils and fats specialist, is to sell its protein products division and its Sri Lanka sports shoe manufacturing company as part of a wide-ranging reorganisation.

The group is to create a holding company and a separate operational company for the oils and fats business. The reorganisation also involves

the resignation of Mr J. Handberg, chief executive, and his co-director Mr L. Pontoppidan. They are to be replaced by Mr John Goodwin and Mr John Poulson.

The Sri Lanka company to be sold is C. W. Mackie, which has about 300 employees. No buyer has yet been named. The company's protein products division is being sold to Central Soya of the US which is part of the Italian Ferruzzi group.

Bank acquisition

GRUPO Espirito Santo, the Portuguese bank, has acquired Banco Industrial del Mediterraneo from Banco Bilbao Vizcaya, Reuter reports.

The Portuguese group will purchase the small Spanish bank through its Banco Espirito Santo e Comercial de Lisboa, which will take a 55 per cent stake, and Espirito Santo Financial, which will acquire the remainder.

Asahi agrees to US glass deal

by Steven Butler in Tokyo

ASAHI GLASS, Japan's largest glass maker, has agreed to a gradual buy-out of AFG Industries, one of the largest makers of flat glass in the US glass.

The purchase is being made through Asahi's Dutch subsidiary Glass International for an estimated \$80m. "The acquisition will help to progress Asahi's goal of further diversifying its operations geographically."

In addition to the acquisition price, Asahi has agreed to

underwrite up to \$150m in bonds for AFG.

The Asahi takeover follows from a management buy-out of AFG in 1988, during which time Asahi acquired a 19.7 per cent stake in AFG, and later transferred this to Glass International, which is a 50-50 joint venture holding company half owned by Cleveland, Ohio, Belgian glass company majority owned by Asahi.

The balance of AFG shares are held by the company's management and by institutional investors, who have

agreed to the gradual buy-out, subject to approval by the US Federal Trade Commission, which is examining the deal.

AFG had sales last year of \$516m. Asahi's sales in all of North America last year came to about \$70m (\$50m) out of gross consolidated sales of \$1,345bn.

AFG has six float glass plants in the US and one in Canada, and claims 15 per cent of the US market. Asahi said it would leave the US management of AFG in place for the time being.

GFSA considers merging 3 gold mines

By Philip Gawth in Johannesburg

GOLD FIELDS of South Africa (GFSA), the country's second largest gold producer, is considering merging Libanon and Venterspost, two of its more marginal mines, with Kloof mine.

Analysts speculate that a

deal could be based upon tax savings, with the group being allowed to offset Libanon and Venterspost's losses and capital spending against Kloof's current revenues.

Libanon and Venterspost are two of the most vulnerable mines in the South African gold mining industry. They made respective after-tax

losses of R3.2m and R3.3m in the first quarter of 1992, and have stock market capitalisations of about R85m (\$23.5m) and R80m respectively.

Kloof, by contrast, is one of the richest mines in the industry. It made R11.5m profit in the March quarter and has a market capitalisation of about R3.7bn.

No basis for court action against Spanish bankers

By Peter Bruce in Madrid

MR EMILIO BOTIN, the president of Banco Santander, the acquisitive Spanish commercial bank, was yesterday released without bail after giving evidence in chambers to a Madrid judge trying to find out who bought \$1bn of credit assignments made by the bank between 1987 and 1989.

The Spanish tax authorities and the court suspect that many of the buyers of the credit assignments - off balance sheet transactions designed to bypass Bank of Spain liquidity ratios and withholding taxes - may have used them to launder undisclosed income.

Mr Rodrigo Echenique, Santander's managing director, also gave evidence to the judge yesterday and was also released without bail. Banco Santander said the judge had decided there was no basis for taking any action against the two men.

The judge, however, made no public statement and it is possible, as a nationwide investigation continues, that they may be recalled to give evidence to the judge.

Mr Botin, on leaving the court, said the credit assignments - the sale of loans to third parties to remove them from the bank's balances - were perfectly legal at the time.

"Although I was not aware of it, there may have been an excess of zeal, some negligence or a lack of information about the client's intentions," he said. "We have co-operated fully with the authorities in their investigation."

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	\$339.85	+3.7	\$326.95	\$358.40	\$335.20
Silver per troy oz.	220.5	-20	269.20p	242.70p	210.00p
Aluminium 99.7% (cash)	\$1291	-20	\$1291.5	\$1339.0	\$1105.5
Copper Grade A (cash)	\$1242.5	+17.5	\$1218.5	\$1255.0	\$1125.0
Nickel (cash)	\$290.0	-5.25	\$325.00	\$315.0	\$275.50
Lead (cash)	\$7135.0	-32.5	\$8290	\$8195.0	\$7085.0
Zinc SHG (cash)	\$1307.0	-140.5	\$1457.0	\$1402.0	\$1102.0
Tin (cash)	\$6757.5	+297.5	\$7400	\$7577.5	\$6455.0
Cocoa Futures (Sep)	\$534	-21	\$554	\$775	\$533
Coffee Futures (Sep)	\$705	-11.9	\$715	\$1013	\$676
Sugar (LDP Rm)	\$254.5	-0.50	\$254.5	\$123.90	\$106.90
Barley Futures (Sep)	\$107.85	-3.5	\$113.1	\$131.85	\$108.85
Wheat Futures (Sep)	\$110.35	+1.15	\$109.2	\$122.5	\$108.85
Cotton Outlook A Index	65.45c	-0.01	65.45c	68.00	59.00
Wool (84 Super)	389p	+0.575	\$18.175	\$21.30	\$17.00
Oil (Brent Blend)	\$21.05c	+0.575	\$18.175	\$21.30	\$17.00

London Markets

SPOT MARKETS	Latest prices	Change on week	Year ago	High 1992	Low 1992
Crude oil (per barrel FOB)	\$18.95-19.05	+0.05	\$18.95	\$20.00	\$17.00
Brent Blend (dated)	\$21.05-1.00	-0.05	\$21.05	\$22.00	\$19.00
Brent Blend (spot)	\$21.05-1.10	-0.05	\$21.05	\$22.00	\$19.00
WTI (1st oil)	\$22.30-2.30	-0.05	\$22.30	\$23.00	\$20.00
Oil prices					
Oil prices delivery per tonne FOB					
Freight Gasoline	\$237-238	+0.5	\$237	\$240	\$230
Gas Oil	\$187-188	+0.5	\$187	\$190	\$175
Heavy Fuel Oil	\$86-88	+0.5	\$86	\$90	\$75
Naphtha	\$189-201	+0.5	\$189	\$195	\$175
Petroleum Argus Estimates					

Other	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold (per troy oz.)	\$343.85	+1.8	\$326.95	\$358.40	\$335.20
Silver (per troy oz.)	220.5	-20	269.20p	242.70p	210.00p
Platinum (per troy oz.)	\$410.0c	+1.0	\$410.0c	\$420.0c	\$400.0c
Palladium (per troy oz.)	\$80.75	+0.80	\$80.75	\$85.00	\$75.00
Copper (US Producer)	103.50c	+0.01	103.50c	105.00c	102.00c
Lead (US Producer)	57.00c	+0.5	57.00c	60.00c	54.00c
Tin (Kuala Lumpur market)	76.00c	+0.30	76.00c	80.00c	72.00c
Tin (New York)	314.50c	+4.0	314.50c	320.00c	300.00c
Zinc (US Western)	62.00c	+0.20	62.00c	65.00c	60.00c
Cash (live weight)	111.55p	+1.19p	111.55p	115.00p	108.00p
Sheep (live weight)	85.01p	-2.8p	85.01p	90.00p	80.00p
Pigs (live weight)	82.25p	-3.8p	82.25p	85.00p	78.00p
London daily sugar (raw)	\$264.5	-5.5	\$264.5	\$270.0	\$250.0
Daily sugar (white)	\$267.0c	-6.0	\$267.0c	\$270.0c	\$250.0c
London and Lyle export price	\$259.1	-4.0	\$259.1	\$265.0	\$245.0
Barley (English malt)	Unq		Unq	\$145.0	\$135.0
Malta (US No 3 yellow)	Unq		Unq	\$145.0	\$135.0
Wheat (US Dark Northern)	Unq		Unq	\$145.0	\$135.0
Rubber (Lump)	\$2.00p		\$2.00p	\$2.10p	\$1.90p
Rubber (Aug)	\$2.00p		\$2.00p	\$2.10p	\$1.90p
Rubber (KRS No 1 Jul)	\$22.0c		\$22.0c	\$23.0c	\$21.0c
Coccol oil (Philippines)	\$572.5w	-22.5	\$572.5w	\$580.0w	\$560.0w
Palm Oil (Malaysian)	\$410.0y	-7.5	\$410.0y	\$420.0y	\$400.0y
Copra (Philippines)	\$146.5	-1.0	\$146.5	\$150.0	\$140.0
Soybeans (US)	\$6.45c	+0.05	\$6.45c	\$6.50c	\$6.40c
Cotton "A" Index	65.45c	+0.05	65.45c	68.00c	59.00c
Wooltops (84 Super)	389p		389p	\$18.175	\$17.00

SPICES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Cashew nut (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Cardamom (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Black pepper (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
White pepper (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Vanilla (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Coriander (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Cumin (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Fenugreek (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Mustard (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Saffron (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Turmeric (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Onion (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Garlic (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Asafoetida (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Amchur (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Black salt (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
White salt (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Mustard seed (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Cumin seed (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Fenugreek seed (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Mustard seed (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Cumin seed (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200
Fenugreek seed (Karnati)	\$1,250		\$1,250	\$1,300	\$1,200

COCOA - London FOX				\$/tonne
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Sep	524	523	528 522	
Dec	534	533	538 527	
Mar	543	542	548 537	
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LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from the Thursday Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Telfer system, the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

* Bargains at special prices. † Bargains done the previous day.

British Funds, etc

No. of bargains included 187

Guaranteed Export Finance Corp PLC
12% Cum Ld Stk 2002/04 - 210 1/4
(15/02/92)

Corporation and County

No. of bargains included 3

Birmingham City Council 11% Red
Stk 2002 - 210 1/4 (15/02/92)
Birmingham City Council 11% Red
Stk 2002 - 210 1/4 (15/02/92)

UK Public Boards

No. of bargains included 1

Anglo American Corp PLC 8% Cum Ld
Stk 2002 - 210 1/4 (15/02/92)
Anglo American Corp PLC 8% Cum Ld
Stk 2002 - 210 1/4 (15/02/92)

Foreign Stocks, Bonds,

etc - coupons payable in

London) No. of bargains included 77

Abbey National Banking Corp PLC 10%
Cum Ld Stk 2002 (20/02/92) - 210 1/4
(15/02/92)

Sterling Issues by Overseas

Borrowers

No. of bargains included 15

Asian Development Bank 10% Ld Stk
2002/04 - 210 1/4 (15/02/92)
Asian Development Bank 10% Ld Stk
2002/04 - 210 1/4 (15/02/92)

Listed Companies (excluding

Investment Trusts)

No. of bargains included 2507

AAH PLC 4.2% Cum Ld Stk 2002 - 210 1/4
(15/02/92)

Investment Trusts

No. of bargains included 2507

AAH PLC 4.2% Cum Ld Stk 2002 - 210 1/4
(15/02/92)

Investment Trusts

No. of bargains included 2507

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(15/02/92)

Investment Trusts

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(15/02/92)

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AAH PLC 4.2% Cum Ld Stk 2002 - 210 1/4
(15/02/92)

Investment Trusts

No. of bargains included 2507

AAH PLC 4.2% Cum Ld Stk 2002 - 210 1/4
(15/02/92)

Admiral PLC 10% Ld Stk 2002 - 210 1/4
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Admiral PLC 10% Ld Stk 2002 - 210 1/4
(15/02/92)

Admiral PLC 10% Ld Stk 20

FINANCIAL TIMES STOCK INDICES

FINANCIAL TIMES STOCK INDICES										
	June 19	June 18	June 17	June 16	June 15	Year Ago	1992 Low	Since Completion		
								High	Low	
Government Secs	88.73	88.75	88.76	88.74	88.70	63.61	80.82 (28/9)	86.11 (7/14)	127.40 (31/7/9)	49.18 (31/7/9)
Fixed Interest	104.38	104.35	104.32	104.37	104.42	92.85	105.92 (2/8)	97.15 (2/8/92)	105.92 (2/8/92)	80.53 (28/6/92)
Ordinary Share S*	2008.6	1989.4	2002.1	2037.0	2026.4	1943.7	2148.7 (22/9)	1851.4 (3/4)	2148.7 (22/9/92)	48.4 (28/6/92)
Gold Mines	103.4	103.2	105.1	105.3	104.3	207.0	108.0 (1/1)	103.1 (15/8/92)	734.7 (15/8/92)	43.6 (28/7/91)
FT-SE 100 Share	2694.8	2552.7	2598.4	2616.3	2593.5	2479.9	2373.8 (11/5)	2192.7 (12/1)	2737.8 (11/5/92)	988.9 (28/6/92)
FT-SE Eurotrack 300	1195.73	1186.543	1202.27	1207.63	1199.75	1102.33	1248.79 (11/5)	1120.52 (12/1)	1248.79 (11/5/92)	508.55 (16/1/91)
*OxL Div. Yield	4.81	4.65	4.58	4.54	4.57	4.88	1000 Div. Sols 15/8/92, Pst Int. 1/10, Dividend 1/8/92, Gold Mines 1/9/92, Sols 1/10, FT-SE 100 31/7/92 & FT-SE Eurotrack 300 31/7/92, 0n 17.18 & 18.15			
*Savings Div % (coll)	6.77	6.52	6.72	6.55	6.70	5.61				
SEAD Bargins 6.00%	22.417	22.040	22.012	21.353	21.201	24.344				
Equity Turnover(201)	102.97	86.6	86.6	85.85	16.70	14.29				
Equity Bargains:	28.070	24.084	24.465	23.814	24.564	35.353				
Shares Traded (m/1)	453.8	369.9	346.8	305.3	344.26					
Ordinary Share Index, Hourly changes	Day's High 2008.6					Day's Low 1989.2				
Open 1989.1	9 am 1989.5	10 am 1989.9	11 am 2000.7	12 pm 2005.9	1 pm 2005.0	2 pm 2009.0	3 pm 2009.0	4 pm 2009.2		
FT-SE 100, Hourly changes	Day's High 2598.0					Day's Low 2573.8				
Open 2574.8	9 am 2574.4	10 am 2577.5	11 am 2587.1	12 pm 2597.2	1 pm 2587.0	2 pm 2590.7	3 pm 2596.2	4 pm 2595.1		
FT-SE Eurotrack 300, Hourly changes	Day's High 1198.95					Day's Low 1193.89				
Open 1194.7	10.30 am 1194.7	11 am 1196.81	12 pm 1197.9	1 pm 1197.9	2 pm 1196.47	3 pm 1196.47	4 pm 1196.47			

QILT EDGED ACTIVITY

Indices* June 19 June 17

Gilt Edged Bargains 80.5 87.8

Day-average 94.7 104.0

*See Activity 1974.

100% Activity in market
business and Overseas turnover.

London report and latest Share Index
TSE 1001, 12001, Calls cancelled at 35p,
minute cheap rates, 40p/minute at 45p

[illegible]

	Compton	Open Date	Price	Change	Yield	Price	Yield
AUSTRALIA	10.000	10/02	107.8628	-0.075	6.82	8.85	6.10
BELGIUM	9.000	09/01	100.6500	+0.150	6.91	8.80	6.78
CANADA *	8.800	04/02	102.6500	+0.250	8.10	8.15	8.41
DENMARK	8.000	11/00	99.6500	-0.100	9.16	8.80	8.78
FRANCE	8.500	03/03	98.1398	+0.204	8.09	8.94	8.70
FRANCE	8.500	11/02	97.8500	-0.380	8.84	8.75	8.95
GERMANY	8.000	01/02	100.1200	-0.090	7.97	7.95	7.99
ITALY	12.000	05/02	95.8500	+0.420	13.201	13.19	12.63
JAPAN	Nb 119	4.300	09/99	106.0405	+0.100	5.59	5.72
JAPAN	Nb 128	4.300	09/99	106.0405	+0.100	5.59	5.72
NETHERLANDS	8.350	02/02	99.8000	-0.050	8.29	8.29	8.30
SPAIN	11.200	01/02	96.8000	-0.575	11.55	10.80	10.80
UK GILTS	10.000	11/99	102.5068	+0.032	9.17	9.17	9.14
	8.750	09/02	102.9718	+0.028	9.17	9.12	8.97
	8.000	10/08	98.9513	-0.232	8.05	9.01	8.85
US TREASURY *	7.500	05/02	101.8436	-0.052	7.83	7.27	7.22
	7.000	05/00	110.7171	-0.027	7.69	7.69	7.69
UK (Fresh Gov)	8.500	03/02	98.3600	-0.000	8.97	8.86	8.57

London closing. *London New York morning session. *Yields: Local market standard.
 † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents).
 ‡ Includes US 10K in 1000s of dollars in 100 million.
 * Includes Treasury Inflation Protected Securities.

Hopes that the groundwork is in place for a gradual economic recovery supported food retailers. Among the big three supermarket chains Argyle rose 8 to 358p, J. Sainsbury improved 6 to 468p, and Tesco put on 5 to 282p. Iceland was also firm, rising 8 to 523p. Shoprite, with interim figures due next week, climbed 9 to 545p. Tates & Lids continued to suf-

months. At the London Futures and Options Exchange the slide in coffee and cocoa prices continued, but sugar futures were a little firmer.

The prospect of further producer selling, notably from the Ivory Coast, the biggest producer, sent the cocoa market to fresh 16½-year lows in mid-week, before it ended with a slightly steadier tone. At yesterday's close September cocoa futures were quoted at \$634 a tonne, £11 off the low but £11 down on the week.

Coffee traders, appearing to hold out their little hope of significant price rises towards reviving traditional Coffee Agreement price support at a producer/consumer meeting in London next week, marked the September futures price down by \$21 on the week to \$706 a tonne.

Sugar futures rose in line with the New York market, where buyers were encouraged by constructive carry signals and concern about nearby supply tightness. But profit-taking set in after the July price breached 11 cents a lb on Wednesday. London's October position, which reached \$327.50 a tonne at one point, was quoted at \$321.40 late yesterday, up \$2.40 on the week.

Richard Mooney

a source.* *BMRC Businessman Survey 1990*

FT SURVEYS

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FT Cityline International,

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128

Continued on next page

• All Text prices are available on FT Cityline. Calls charged at 36p/minute cheap rate

ADI Mid-Career	5	58.003	0.4243	0.4471	0.4698
ADI W-wide Equi	5	58.617	0.5717	0.7153	0.8687

[illegible]

June 19 US\$ + or -

[illegible]

ay Pacific	21.80	-0.30
ong Kong	22.80	-0.30
Light	33.75	-0.25
Motor	32.75	-0.25
Harbour	18.10	-0.10
Far East Int'l	12.30	+0.60
go	3.47	+0.05
oo	2.87	-0.02
C	45.50	+0.25
Lung Dev	11.20	-0.30
Seag Bank	45.75	+0.50
erson Centre	7.80	-0.10
erson Inv	4.10	-0.05
erson Land	19.10	+0.20
China Gas	13.20	
Shanghai Hotel	6.45	
Water	21.50	+0.20
Electric	18.30	-0.30
Land	12.60	
ity & TrA	9.95	
Telecom	8.50	-0.05

STANDARD AND POOR'S
500

Motor	9.55	+0.05
Marin Orient	6.55	-0.05
World Dev	17.50	-0.10
ty Dev A	18	
Praps	33	+0.50
Bras	6.60	
Elec Mfg	2.65	-0.08
Darby	9.05	
Jung Kai Co	4	+0.02
Pacific A	14.50	-0.50
Pacific B	5.65	
Broadcast	9	+0.10
rt Holdings	17.10	
On Co	9.40	-0.05
ard Ind	12.40	
ld Int'l	8.15	-0.05

ASIA

19	MYR	+0.05
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NEW YORK ACTIVE STOCK

	19	88	% chg
Storage	2.71	---	---
er & Neave	11.90	---	-0.10
ng	10.80	---	+0.10
Par	7.75	---	-0.15
ase	2.42	---	---
el Corp	6.25	---	-0.15
.....	7.45	---	-0.05
.....	13.20	---	-0.40
.....	5.20	---	+0.10
Air Free	18.50	---	-0.20
ore Press	8.35	---	-0.05
ad Tradings	3.34	---	---

Metals & Minerals	3088.12	3120.00
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ES - Prices on this page are as
ed on the individual exchanges
are mostly last traded prices, but
available. y Dealings suspended: rd
provided. x: Ex script issue. x: Ex
a. za Ex all.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994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SECTION II

Two eminent Victorians were at the centre of a literary plot that was a national scandal. John Kitching tells the story

A long tradition of subtle, ingenious forgery

IN 1894 a first edition of Elizabeth Barrett Browning's sonnets came to light, having apparently languished unseen for more than 40 years. As a ripple went through the literary world few realised that it was just part of a complex mystery, far exceeding - in the judgment of the writer Bernard Levin - anything conceived by Agatha Christie. And at the centre of the plot were two eminent Victorians.

Harry Buxton Forman seemed a model of propriety. He was in charge of Packet Services at the Post Office and an editor of Keats and Shelley. But he was also a dedicated and skilled literary forger.

Forman did not pursue his dark craft alone. His accomplice was Thomas James Wise, 17 years his junior, a hard-headed London commodity dealer who specialised in essential oils. Wise was president of the Bibliographical Society and was said to have one of the finest private libraries in the country.

Together they invented a new genre: creative forgery. Book forgers usually copy great works, but Forman and Wise created books and editions after the event to fill a persuasive niche. They were perhaps bibliographical rather than literary forgers. There are similarities with Pildown Man: a missing link between man and monkeys is predicted and then conveniently found. The forgers' extraordinary conspiracy is now described in a new biography by John Collins.

For both men, and particularly for Wise, the purpose was serious: to make money. In the heyday of

Victorian capitalism Wise saw a product to corner the market. And Forman, who wrote of his legitimate literary works: "My style of writing is not what turns well to the making of pots of money," knew the serious cash lay elsewhere.

Some literary figures suspected Forman and Wise were up to something. But the two were not finally unmasked until 1934, by which time Forman had been dead for 17 years.

Forman was born in 1842 in the west country and joined the Post Office in London in 1860. In his spare time he was a poetry critic and, along with Trollope, ranks among the Post Office's literary luminaries. He lived in some comfort in Camberwell, was married to Laura, and knew George Eliot.

Wise came from more humble origins, but was a successful broker and lived in Islington. For some time he had admired Forman's scholarship from afar, but it was to be several years before the two met and conspired. Both were members of the Browning Society. Forman was a founder, and Wise joined in 1882. Both were also to become members of the Shelley Society. A closer relationship seemed inevitable, and in January 1886 Wise, then 27, was invited to Forman's house.

By this time, Forman's literary reputation was considerable. He had begun modestly in 1869 with an article on D G Rossetti published anonymously in Tinsley's magazine. Slowly but surely his name became part of the literary scene. In 1871, Tinsley published Forman's first book "Our Living Poets," and 10 years later he took his first steps

into forgery. His method then was to determine the course of the extraordinary forging operation.

Richard Hengist Horne, an eccentric poet and one of the subjects of "Our Living Poets", had written in 1887 an ode cantata for the Duke of Edinburgh called "Galatea Secunda". It was never published. In 1881, Forman published it with a "Melbourne, 1887" imprint. The first edition imprint, albeit of false provenance, increased the value considerably. Their subtle game was afoot. There is no indication that Horne ever saw the edition: if he did, perhaps he thought of it as a quaint conceit, suggests Collins in his book. When Horne died in 1884, Forman was left all Horne's books and papers and appointed his literary executor. He later sold many of the works, including Lot 108 which contained "Galatea Secunda" privately published in Melbourne 1887. He netted £200, about half his annual salary. He had started to make money as a forger.

By the time Wise arrived on his doorstep in 1886 Forman was ready for a full-scale conspiracy. The idea was immensely seductive to Wise. "The cost of 30 or 40 copies of a slim

pamphlet might be £5 or £7; the unit cost therefore about 3s 6d or 4s; and one copy could sell for £100 (about £1,500 today). This was one of the most attractive commodities Wise had dealt in."

Collins suggests that while Wise entered his new role with alacrity, Forman, though at first helpful, was later dragged kicking and screaming in his wake. "But once in the secret he could not get out: Wise had the drop on him."

The forging began in earnest, using as a printer Richard Clay of Broad Street Hill in the City of London. J R Maylett, foreman at Clays, may have known something was amiss (perhaps he was bribed, suggests Collins) but to Cecil Clay, managing director, Wise was just another customer.

First a collection of Robert Browning poems was reprinted with a false imprint giving a date before the poems were written, then some Elizabeth Barrett Browning sonnets were given the Forman-Wise treatment. A selection of George Eliot sonnets, first printed in 1874, was

reprinted by the forgers in 1887 bearing an 1869 imprint. Wise added a bogus note of provenance to many of these works. Tennyson's "The Last Tournament" was published in 1886 but bore an inscription handwritten by the supposed printer: "Not more than 20 copies. Strahan - Ludgate Hill, 1871."

However, at least one bookseller, Bertram Dobell, had doubts. In 1888 he wrote: "Shelley Society meeting: Wise is still proceeding on his wild career of reprinting or pirating Browning."

By 1890, Swinburne, Ruskin, William Morris, Tennyson and Thackeray had been subjected to the forgers' treatment. Several fake volumes were sold to the British Museum.

Perhaps the most celebrated forgery was of Elizabeth Barrett Browning's so-called "Reading sonnets". It was, writes Collins, "a daring stroke which showed how high the forgers' confidence was rising. By forging Browning's sonnets Wise and Forman were tampering with the most celebrated literary love story of Victorian England." They published the poems in 1894, bearing the imprint "Reading, 1847".

For more than 40 years it had been believed that the first publication of the sonnets was in Elizabeth's "Poems" of 1850. But in March 1894, a note appeared in an obscure Philadelphia literary journal saying a Browning rarity had turned up: an 1847 edition of the sonnets. In spite of the Reading imprint there was no printer's name and nothing to indicate it had been produced in that town. It had, of course, been designed by Forman and Wise and printed by Clays in the City.

Yet few eyebrows were being raised at the plethora of pamphlets and books produced by Forman and Wise. There was to be some minor sniping at the forgeries from about 1909, but nothing serious.

It was much later, in the 1930s, that the two forgers were unmasked. Their downfall was brought about by two young booksellers, Graham Pollard and John Carter. Pollard, a colourful character, claimed to have got an Oxford half-blue in spitting, achieved by beating Evelyn Waugh over a 10ft distance. Carter had been a scholar and taken a double First in Classics. Carter was soon on the case of the Reading sonnets; he knew there was

no copy in Browning's library; no copy in an old binding; no copy with any signature inscription or mark of provenance before about 1900. But this was all negative evidence. It was Pollard who gathered the positive evidence through research into the chemical history of 19th-century paper. Analysis of paper from an edition of the sonnets owned by a Flora Livingston showed it contained a significant proportion of chemical wood pulp: a substance not used in England until 1874. The book could not have been published in 1847.

Carter tried writing to Wise, but the reply he received was of a vague general and dismissive nature. But it was the beginning of a dogged process which was to assume the working title of "Wise-cracking" and the Reading sonnets remained the cornerstone of the investigation.

By June 1894, the embattled Wise faced ruin. News placards in the street read: "Famous books denounced as forgeries" and "Faked First Edition Sensation". The articles were based on a book by Carter and Pollard with the gentle, donnish title of "An Enquiry into the Nature of Certain 19th-Century Pamphlets." In the book, all paths seemed to lead to Wise's door; but without absolute proof they couldn't name him as the forger. Carter and Pollard wrote: "Mr Wise by his credulity, by his dogmatism, by abuse of his eminence in the bibliographical world, has dealt a blow to the prestige of an honourable science, the repercussions of which will be long and widely felt..."

The Daily Herald newspaper despatched a reporter to track down Wise: again his defence was unconvincing - and he tried to put the blame on Forman. Three years later, Wise too, was dead.

Wise and Forman are part of a long tradition of literary forgers: Thomas Chatterton, piler-up of poetry, William Henry Ireland (who as Shakespeare got his play "Vortigern" on to the stage - although without success) and John Payne Collier, Shakespeare's dodgy biographer. Perhaps Bernard Shaw's view that the whole thing should be treated as a joke is the right one. Did not the rich book collectors deserve to be humbugged by the forgers? asks Collins in his book. The fact remains that Wise and Forman acted illegally, defrauding both buyers and authors.

To the end, Forman, the poetry critic, wrestled with his conscience, as his literary reputation began to suffer. In contrast, Wise, "who did not know the price of conscience" was defending himself on his deathbed thus: "I am an old man with the crematorium facing me..." His final words were, perhaps, an admission that the fraud was too complicated to describe even in the throes of death.

■ *The Two Forgers, a biography of Harry Buxton Forman and Thomas James Wise by John Collins; Scolar Press, Gower House, Craft Road, Aldershot, Hants GU11 3ER. Price £27.50.*



CUMMINGS

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The Long View/Barry Riley

Bonds lead the asset race



SO THE Nervous Nineties are proving... well, nervous. As the Tokyo stock market plunged new lows this week, and New York and London wobbled, those wondering what 1990s seemed a long way away. Not that it should really come as any surprise to investors. The extraordinary returns during the 1980s, especially on equities, could not be sustained. The 1990s had to be different.

It may seem a little premature to make a statistical assessment of just how different, but within a few days, believe it or not, we shall be a quarter of the way through the decade. How are the numbers shaping up?

First, a reminder of the joys of the 1980s. For the UK investor, domestic equities stood out, returning almost 24 per cent a year on average in combined income and capital gains in the tax-exempt investor. Overseas equities returned almost exactly the same. British government bonds lagged a long way behind at just under 16 per cent - still a good performance in relation to average annual inflation of 6.9 per cent. Finally, money market deposits delivered a return of 12 per cent on average.

As at 1992½ the 1990s, however, are shaping up as the decade of bonds. If you look at sterling bonds there was a reasonable positive return in 1990 at a time when shares were experiencing their first calendar year decline since 1976; and although UK equities were strong last year - returning 20 per cent for UK pension funds according to the WM Company, the performance measurement specialists - the pensions' fund sterling bond portfolios were almost as successful, returning 18 per cent. So far this year, after the recent stock market retreat, bonds have their noses in front.

Put all this together and after 2½ years sterling bonds are showing an annualised return of some 14 per cent, while UK equities have only been able to manage about 5 per cent, and overseas equities a seriously disappointing

minus 1 per cent or so. Note, however, that money market deposits are showing strongly with 13 per cent, although fading a little this year.

In fact the past 2½ years have by no means been all bad for equities - the All-Share Index showed a rise in the year ended September 1991 of 32 per cent - but there have been some bad patches too, notably during the worst of the Gulf crisis.

There are two main motors for share prices. They are buoyant when monetary factors are positive, notably the money supply is growing fast and interest rates are falling. They also rise when the company sector is prospering and is pushing up its profits and dividends strongly. In the classic cycle the first phase tends to lead to the second, in successive legs of a bull market.

In recent years, however, these positive factors have been weak. Profits, of course, have been under pressure in the UK and the US for several years and are now crumbling in Japan and much of Continental Europe too. True, interest rates have been falling, especially short-term rates, and this has pushed up the US stock market in particular. But low interest rates have not been reinforced by a buoyant money supply. Meanwhile in Tokyo, the deflation of the extraordinary 1980s bubble continues inexorably. This process has failed to affect other markets until now, but the stability of the Japanese financial system is now on the line and Wall Street has itself become high-priced enough to be vulnerable.

In normal conditions you would expect both bonds and equities to benefit from an easier money environment in which short-term interest rates were falling, but equities would benefit more because they are riskier securities which are more sensitive to economic conditions. Indeed, equities have been quite volatile at times during the past 2½ years, but overall they have failed to perform as well as bonds because of lack of support from the corporate fundamentals. The big broking houses have been energetically trying to com-

pensate by forecasting big earnings recoveries just around the corner. Indeed profits may be picking up modestly in the US but in Britain the evidence is very scanty.

In some respects the recessionary background in the UK has been rather similar during the past two years to that at the start of the 1980s. But then the returns were flattened by high inflation, and the fundamentals were more attractive, with a dividend yield between 6 and 7 per cent, for instance, against under 5 per cent at present. Even so, the stock market was sluggish in the early part of 1982, only to surge later in anticipation of strong profits recovery in 1983.

Can history repeat itself? British pension fund managers certainly seem to think that the pattern of asset returns has been anomalous in the 1990s so far. They have been piling ever more heavily into equities. At the start of 1990 the typical fund, according to the rival measurement service Caps, had 81 per cent in equities, while at March 1992, the latest available date, it had an 84 per cent exposure. Last year these professional managers were directing funds with particular enthusiasm into overseas equities, especially Japanese.

It is hard to change a strategy which has worked for many years. But the high stock market returns of the 1980s - at any rate the latter years - were in part the consequence of the growing indebtedness in many leading economies which not only boosted activity (and therefore profits) but also at times led to the creation of euphoria and asset price bubbles; GFA would have been enthusiastically welcomed by the market in 1986 or early 1987, for instance.

Distortions were building for most of the decade and it would be prudent to assume it will take much the same time to unwind them. In the meanwhile, investors who still expect life to be much the same as it was in the Exceptional Eighties are going to be disappointed by the realities of Different Decade.

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MARKETS

London Markets

It's nicer to stay in bed

By Peter Martin,
Financial Editor

FOR MUCH of the week, investors must have wished they had imitated Pandora Maxwell's brisk way with early-morning callers. If only they had stayed in bed, everything would have been fine. It's getting up that causes the world's problems.

On the other hand, there are sometimes unforeseen consequences of drawing the duvet firmly over your head. Take the GPA flotation, for example. When that nice Tony Ryan came knocking at the door, offering stock in his aircraft leasing company, the UK's investment community rolled over in bed musing: "Wake me when it's over." So did everybody else in the known investing universe, except the retail customers of Nomura in Japan.

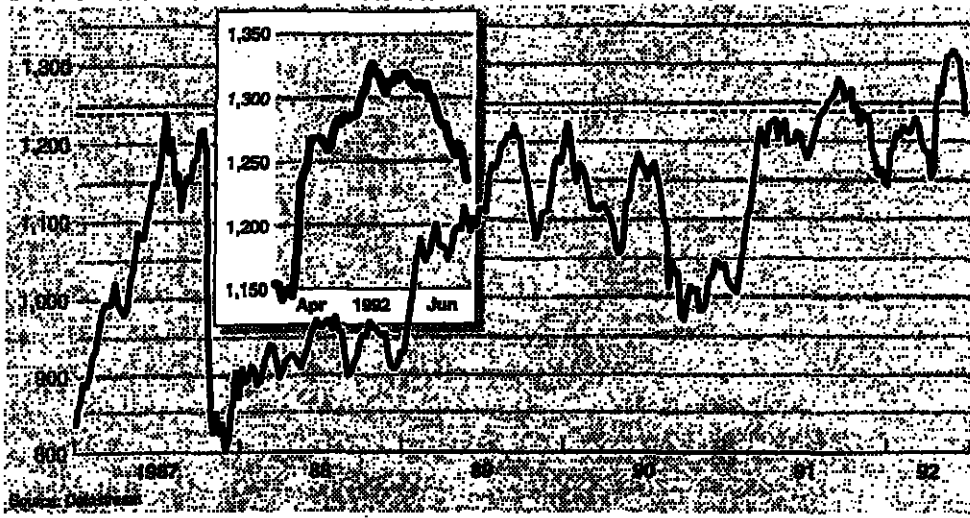
Judging wisely, that 10,000 Osaka housewives were unlikely to prove a stable capital base, the company pulled the flotation in the early hours of Thursday morning - at about the time, curiously enough, as the TV crews clamoured into their Range Rovers and set off for their dawn vigil outside the Maxwells.

At this point, Pandora Maxwell was not the only one to feel a cold chill creeping in under the bedclothes. GPA itself was a bit of a special case: a giant company based in a small economy, market leader of a business that is viewed generally as the financial equivalent of heavy-lift aircraft. (Do you really understand how a jumbo stays up? Well, neither do I, and that goes for aircraft leasing, too.)

But no matter how special GPA was, the failure of its flotation was bound to send ripples through the market. In Thursday's trading, it is hard to disentangle the impact of the GPA announcement from the after-effects of falling share prices in New York and Tokyo, factors which themselves contributed to GPA's decision. Nonetheless, GPA certainly contributed to Thursday's 35.7-point drop in the FT-SE 100 index.

And its impact will linger. A string of other issues - most importantly, the sale of a big

FT-Actuaries All-Share Index: Back to the future



chunk of the stock in Wellcome, the drugs company - long over the market. Although shares bounced back on Friday, investors are likely to be jumping until the Wellcome sale is safely out of the way in mid-July.

They have a lot to be jumpy about. The chart alongside shows what has happened to the FT-Actuaries All-Share index over the past five years: nothing.

On July 18 1987, the peak of the 1980s bull market, the All-Share closed at 1,238.57. On Thursday, it closed at 1,100.10. If you had owned a representative portfolio of shares worth £50,000, you could have sold them in the summer of 1987, bought them back again this week, and still had enough change for a pint of beer and a packet of crisps.

You can come to two conclusions about the market's

inability to stay above the 1987 peak for long. The first is that the last leg of the 1980s bull market was an aberration, an unsustainable leap into the stratosphere which should be ignored when you plot a steady trend of long-term growth for equity values.

The second, less comforting, is that things have changed: UK equities cannot clamber back above their 1987 levels because, for the foreseeable future, the domestic economy is trapped in a tunnel of slow economic growth and low returns.

On the first view, UK equities may be going nowhere for the moment, but that is purely a temporary phenomenon: the only thing holding them back is high German interest rates and, when the markets start to expect a decline there early next year, equities will take off again.

Coming from one of Britain's top fund managers, that view sounded plausible enough this week. There is only one snag: it is exactly the same case he was making at the turn of the year, when he was expecting German interest rates to come down in the spring of 1992.

That date has now slipped a year. If it slips much more, the debate over whether we are in a normal pattern (slightly delayed) or in some new unpleasant phase becomes simply one of nomenclature: the substance is the same.

Support for this thesis came from economic and corporate announcements this week. Retail sales volume, seasonally adjusted, rose by only 0.3 per cent in May; averaged out over that month and the two before, sales were 0.1 per cent lower than in the previous three

Serious Money

Cheque law brings banks to account

By Scheherazade Daneshkhu

A PECULIAR anomaly was ended by the Cheques Act, which came into force this week. Until now, accountholders who crossed their cheques with "account payee only" in the belief that this made them non-transferable were wasting their ink. Their diligence did not have the force of law and cashiers could ignore the instruction.

Now, however, cheques crossed in this way may be paid into the account of the named party only. Save & Prosper was the first to issue cheques already crossed with "account payee only" last year. It was followed by Nationwide building society and Lloyds and Yorkshire Banks.

Europe, with 2.4 per head. And even though 17 per cent of Britons have no bank account, compared with only 3 per cent in Switzerland, more Britons have a cheque book and plastic cards than other Europeans.

Unless they have been clearly negligent, it is unfair that individual customers, rather than banks, should have to bear the cost of bank and credit card frauds although the balance has been swinging more in favour of the customer recently. Under the Code of Banking Practice issued at the end of last year, which sets out minimum standards for the industry, the onus is now on banks to prove in disputes over card transactions that it was used by the customer.

Banks must also comply

with the wishes of customers who do not wish to use their cheque cards to draw money from cash machines. In such cases, personal identification numbers will not be issued so that stolen cards cannot be used to withdraw cash.

More a declaration of goodwill than a document aimed at setting the world ablaze, the code should nevertheless improve the quality of services offered to the customer. For example, banks have said they will no longer pass on information about their wealthier customers to their insurance and financial subsidiaries so the clients can be targeted for direct mail advertising. Now, the banks will need the customer's consent in order to send him junk mail. These are small steps but they are in the right direction.

Other measures that banks and building societies should

'Until now, the account holders were wasting their ink'

take to improve services would be to streamline tax-exempt special savings accounts (Tessas) to remove the myriad penalties and bonuses that have made it increasingly difficult to compare the performance of one Tessa with another.

In a recent report, the Office of Fair Trading expressed concern that Tessas were the first deposit-based products to have concealed costs in a manner similar to those on life products. Tessas were meant to be straightforward, easily-transferable products and the complications that banks and building societies have brought in go against the spirit of the legislation which introduced them.

The OFT report also called for changes to the financial limits on compensation to consumers which, it said, varied "without rhyme or reason."

Under the protection scheme for the building societies, savers are entitled to compensation of 90 per cent of the first £20,000 in their accounts. Yet accountholders at banks, which are more liable to collapse than building societies, are entitled to compensation of only 75 per cent of the first £20,000 under the deposit protection scheme. This is an anomaly that could well do with being remedied.

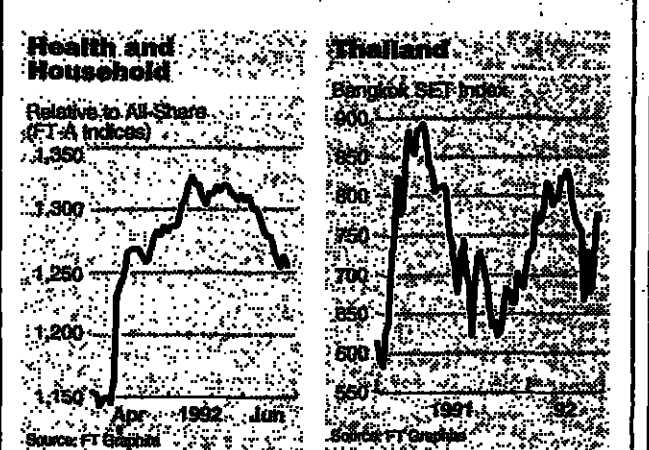
Because of opposition from the banks, the code did not include a requirement for them to tell customers in discontinued accounts that these had been replaced with similar accounts, usually offering better rates. Customers with 90-day accounts find themselves locked into their old accounts before being able to switch.

Both the Cheques Act and the Code of Banking Practice were the outcome of laborious negotiations between consumer groups and the banks. Consumer pressure will still be needed to ensure that further steps are taken to improve the services of the banks and building societies.

HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2584.8	-16.9	2737.8	2382.7	Bad corporate news
Airtours	274	-24	337	203.4	Holiday price war fears
Bass	613	+27	655	491	Switching from Whitbread advice
BP	251	-10	304	239.2	Analyst's profit downgrade
Cable & Wireless	554	+20	632	505	Good results
Glaxo	711	-14	843	693	Upjohn profits warning
ICI	1217	-68	1410	1115	Gloomy company presentation
London International	229	-38	316	215	Disappointing profits
Midlands Radio	113.4	+8.2	114	70	Bid speculation
Next	96.2	+6.2	96.2	57	Bid speculation
Pilkington	137.4	+14	169	118	Bid talk/US support
Rank Org	673	-38	772	587	Lack of support
Tyne Tees TV	278	+44	322	228	Agreed bid by Yorkshire TV
United Biscuits	358	-32	440	358	Profit downgrades
Whitbread A	434.4	-18.2	488	347	Switching into Bass advice

AT A GLANCE



Profits pale for pharmaceuticals

The UK no longer wants to take its medicines, judging by the recent performance of pharmaceutical stocks. They outperformed the market strongly last year, buoyed by the belief that they had strong defensive qualities in times of uncertainty, but since the election they have underperformed greatly, as sectors perceived as vulnerable to political risk have recovered. This week, shares in companies such as Glaxo, SmithKline Beecham and Wellcome were depressed by a profits warning from Upjohn, the US pharmaceutical group.

Thailand finds favour

The Thailand market seems to be back in favour with international fund managers, despite its record of extreme volatility. Its latest sharp upward movement follows the reappointment of Anand Panyarachon as premier last week. Although he is only regarded as a caretaker, this did much to soothe market worries following the two-month political crisis which culminated in the shooting of 49 pro-democracy demonstrators in May. Based on economic fundamentals, the future outlook is promising, according to analysts.

Fines warning for directors

Directors of British companies will be liable for penalties of up to £5,000 if they do not file their accounts on time. The deadline is July 1. Companies' House, an executive agency of the Department of Trade and Industry, says that the level of the fine depends on whether the company is public or private, and how late documents have been filed. Public companies have seven months to file and private companies ten months. Directors of companies which refuse to file documents can be taken to court and prosecuted. Those which file late and do not pay the penalties swiftly will be passed on to a private debt collector.

Revenue service pledge

The Inland Revenue has pledged to take no more than 15 minutes to deal with 90 per cent of customers who call at their inquiry centres without an appointment, under performance targets for the next three years unveiled this week. Seventeen of the 400 inquiry centres will experiment with longer opening hours, and 24 new offices will deal with repayment claims, with the aim of making repayments within three months.

Fixed rate mortgage offer

National & Provincial building society launched two fixed rate mortgages this week. The rates are fixed at 8.85 per cent until June 1994 or 9.95 per cent until June 1995. The 9.95 per cent rate will apply to loans up to 85 per cent of the value of the home for both years, while the 8.85 per cent rate applies on loans between 85 and 95 per cent.

Smaller companies slump again

Small companies endured another bad week. The Hoare Govett index (capital gains version) fell 3.27 per cent from 1272.1 to 1231.51 over the seven days to June 18. County NatWest's smaller companies index fell 3.1 per cent to 981.13 over the same period. Hoare Govett pointed out that its index peaked on May 26 and added: "Patience among institutional investors is wearing understandably thin. Too much should not be made of this fact, but it is not the stuff of which bull markets are made."

Perot's campaign upsets the Apple cart

THE Vice President was in town this week on his annual bash-the-Big-Apple campaign, but it was that other giant of contemporary politics, Ross Perot, who ended up doing the most damage to New York's sense of well-being.

Such is the would-be-president Perot's current stature, it was nothing he did or said that put the collywobles up the stock market this week, but what he might do in the autumn elections that troubled Wall Street the most.

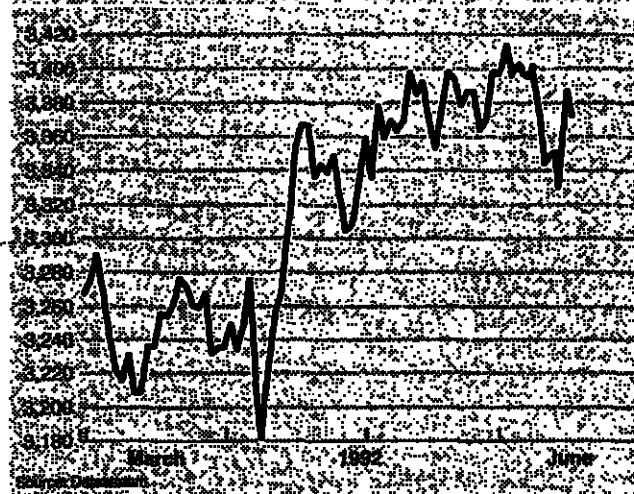
In the space of three days the Dow Jones index dropped 80 points, or 2.4 per cent, in part because of the wildly uncertain political climate that Perot has done so much to create. While there were plenty of other factors behind the decline in prices - of which, more later - this week was the first time that Perot was widely mentioned as a market-moving influence.

It is difficult at the moment to come up with any hard reasons why investors should fear Perot, either as candidate or as President. He has said precious little about what he might do if elected, and the usual platitudes about getting America back on its feet have hardly added up to an economic policy deserving of Wall Street's scrutiny.

Yet his unsettling presence on the political scene, and the trouble he has been giving the Bush White House, have undermined the market's confidence in its ability to correctly gauge the political future. Perot's apparent popularity, several recent polls showed that he would take California from Bush and Clinton if an election were held now - has forced investors to re-evaluate their long-held yet increasingly shaky forecast that George Bush will win the election this November.

After all, Bush's successful re-election was priced into equities as far back as the Gulf War, when the master of the New World Order was riding high in the polls with 80 per cent-plus approval ratings. Only now, with Bush down at 35 per cent in the approval ratings, are investors realising that it may be time to give back some of that generous

Dow Jones Industrial Index



discount.

Even Perot in one of his hyper-confident moods, however, cannot claim all the credit for the market's decline this week. The entrails of the US economy continue to provide unimpressive reading. On the bright side, housing starts jumped 11 per cent in May, the biggest rise in more than a year.

On the darker side, however, there was a puny 0.6 per cent increase in May industrial production, a smaller-than-expected 2,000 drop in weekly jobless claims, and a widening in the monthly trade deficit, which rose from \$5.6bn in March to \$7bn in April.

The trade numbers were especially worrying in that they suggested second quarter

real gross domestic product growth will probably not break 2 per cent as expected, and will certainly come in below the 2.4 per cent growth achieved in the first three months of the year.

The strength of overseas demand for US-made goods has been one of the few bright spots during the past year. The biggest of the foreign economies, however, are now either contracting or stagnating. Over the short-term they cannot be expected to provide much additional momentum to the domestic US recovery, although the recent weakness in the dollar (down 6 per cent against the D-Mark and more than 5 per cent against the Yen in the past six weeks) may provide some compensation.

If the economic outlook offers investors little cause for celebration, US monetary policy is likely to be equally unaccommodating. Wednesday's release of the Federal Reserve's "Beige Book", its report on nationwide business conditions, offered only frustration for policy watchers.

The picture the book painted of the economy lived up to the

bland colour of its cover: neither bullish enough to suggest corporate earnings might pick up sharper than expected, nor bearish enough to suggest the Fed might be prompted into another interest rate cut.

If interest rates are staying where they are, if the recovery remains lethargic, and if the billionaire Texan continues to muddy the political waters, then the stock market could be in for a long, hot summer.

But one the market's hottest stocks of the past year, Telefunix de Mexico, ran into some heavy selling this week following sharp declines in its home market. That man Perot was again partly to blame, say analysts. His protectionist tendencies have cast a cloud over the future of the North American Free Trade Agreement, which Mexican investors believe is so vital to their country's economic future.

Patrick Harverson

Monday	3254.90	+ 0.54
Tuesday	3239.49	- 25.41
Wednesday	3267.16	- 41.78
Thursday	3274.15	- 18.64

The Bottom Line

At the core of BET's problems

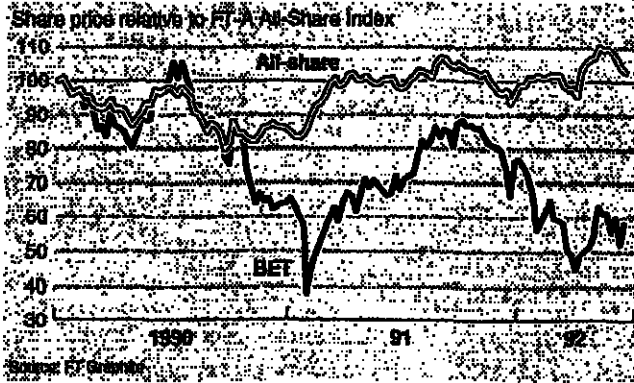
BET, the business services company, used to have one of the catchier corporate advertising slogans: "You look after the core businesses we'll take care of the chore businesses."

After buying more than 150 businesses in five years, it is difficult to see what BET's core is. In spite of 1991 results published on Monday, which demonstrated laudable progress, John Clark, chief executive since April last year, still has more than a little house-cleaning to do.

Eighteen months ago, BET was a company in deep trouble. Expansion under the chairmanship of Nicholas Wills, the son of the previous chairman, had led to a £163m outflow of cash in the first six months of 1981 after five years of acquisitions.

This expansion had taken BET into interests as diverse

BET



removed £22m of costs and started the very necessary process of trimming the number of operating companies, including selling at a very full price its Biffa waste management company to Severn Trent.

Most encouraging, however, was the very strong cash flow, which allowed debt to be reduced from £425m to £107m, and led Clark to hope the company would be ungearred by the end of this year.

Although Clark's new management has brought BET to this turning point, he admits

that there are two more years of work to return the company to a growth path.

Looming largest is the not insignificant chore of dealing with £500m of auction market preferred shares, a hybrid form of equity and debt that effectively raises BET's gearing to over 300 per cent.

Some analysts believe that even if BET were to continue its impressive cash generation the company would do little more than nibble at the edges of the AMP's debt without a large disposal or even a rights issue.

There is even talk that Boulton & Paul, the loss making joinery business may have to be sold.

BET will also have to finance higher levels of working capital when recovery arrives and it will have to resume a more realistic capital spending programme.

Normally, a business's

depreciation would be higher than capital expenditure, if it is growing, or at least at the same level if capital stock was being properly maintained. Last year, however, BET spent, after disposals, less than 20 per cent of its depreciation charge on capital expenditure.

Given that Clark now has the right management team, augmented by Bob Mackenzie, a former Hanson executive, a finance director, shareholders at least stand a chance of seeing their company make the transition from a financial holding company to an operating company.

But investors will have to be patient. With the possibility of the company seeking to refinance its AMP's with a rights issue - as ECG, the china clay company, did in February - they may also need to have deep pockets.

Richard Gourlay

FINANCE AND THE FAMILY

Plastic has the edge but don't ditch paper yet

John Authers looks at what you pay for the money you spend abroad

THE GREAT British package holiday is now complete. Not only can the Englishman abroad go to the Costa del Sol and still buy a pint of Watneys and a portion of fish and chips, he can also put his credit or bank card into a hole in the wall and withdraw the local currency from it.

The logos of the main plastic card issuers - Visa, MasterCard, Diners Club and American Express - are ubiquitous. They follow you all around the world. Increasingly, banks are plugged in to international networks, and plastic does the work once done by legions of clerks and tellers. But should this be taken as its logical extension - abandoning paper when making foreign transactions?

This logic is seductive, but the time has not yet arrived to throw away paper altogether. Diversification is always desirable. Give yourself access to as many forms of payment as possible, even if some are less convenient than others.

Then, there is the issue of cost. The surface simplicity hides two factors that can mask the true rate you pay: the bank which issued the card, and the exchange rate.

MasterCard and Visa are just brand names into which banks can plug, setting their own terms in the process. Some will charge more than others for foreign currency. The exchange rate is something else. Visa and MasterCard apply a basic conversion rate - generally regarded as reasonable - which different issuing banks are free to alter. This allows them effectively to add extra commission.

But can this be quantified, and even the banks seem confused. The Consumers' Association recently asked them for details of commission via credit cards. The AIB, Amex, Barclays and Northern banks, and the Chelsea and Leeds Permanent building societies replied unequivocally that they did not alter the basic exchange rate. Others, including Lloyds, declined to answer.

The CA found that several banks refused to reveal details of changes to exchange rates

when asked by customers. But others gave the CA the following information:

■ Beneficial adds 0.25 per cent in commission via the exchange rate.

■ Clydesdale adds 0.6 per cent to Visa rates and 1.6 per cent to Access rates.

■ Halifax adds 1.9 per cent for transactions in Europe and 2.75 per cent for the rest of the world.

■ NatWest adds 2.75 per cent to the standard rate.

■ National & Provincial adds 1.25 per cent.

■ Royal Bank of Scotland adds 1.75 per cent.

■ TSB Northern Ireland Bank adds 2.75 per cent.

■ Ulster Bank adds 2.75 per cent.

■ Yorkshire Bank adds 1.3 per cent in Europe and 0.6 per cent in the rest of the world.

First Direct and Midland say only that "the exchange rate will be within 2 per cent of the typical tourist rate as advertised in the UK press." Barclays uses its own rate, which it says will be "within 2 or 3 per cent of published commercial rates." All issuers apply the same rate for currency withdrawals as they do for purchases.

None of these rates is outrageous compared with those available elsewhere, but they add up when they are placed on top of commissions and high interest rates for withdrawing currency.

When you are making a purchase, credit cards are much more competitive. According to the Credit Card Research Group, which is funded by credit card issuers, the cost of \$100 on June 1 this year would have been \$93.21 via a credit card, \$93.15 for cash, and \$93.85 by travellers' cheques. These figures take the average of CCRG members' credit card rates plus the average of five high street foreign currency rates (including three clearing banks), and five travellers' cheque rates. For 5,000 pesetas, you would have paid \$28.06 by credit card, \$30.43 for cash and \$31.57 via travellers' cheques.

This helps to explain the verdict reached in a recent issue of *Which?* which compared plastic and paper. "Plastic gen-

erally wins for flexibility and cost, but it's not wise to rely on it completely. In theory, cards should give you access to cash 24 hours a day, but there can be problems."

Paper money comes in more forms than the simple travellers' cheque. For business travellers, Eurocheques have attractions. You pay a stiff annual fee - from \$4 to \$10 - and there will usually be commission of around 1.6 per cent on each transaction. But you can then write a cheque in the local currency, debiting from your normal current account at a standard retail exchange rate.

You also receive a guarantee card, which can be used to withdraw money from cash machines - a useful service in Germany where there are 10,650 Eurocheque dispensers compared with 5,449 for Visa. The cheapest accounts, according to *Which?* come from the Northern and Ulster banks (\$4 annual fee), Clydesdale (\$5) and AIB bank (\$6).

Girobank offers Postcheques, which enable you to draw money from 90,000 post offices around the world but cannot be used for purchases of goods. A book of 10 cheques costs \$6, with a limit of two books per year. The maximum amount you can withdraw varies from \$100 to \$140, and there is a flat 1 per cent commission on each cheque with no variable foreign charges. These may be a slightly expensive way of giving yourself a stop-gap, but they are secure and convenient.

Charges on travellers' cheques vary widely. They have the big advantage of security, provided both by the ability to provide replacements and the usual need to produce identification when cashing them. But they are more cumbersome than credit cards, so it is worth buying a few cheques for low amounts - \$10 or \$20. If you are in the US, dollar-denominated cheques change hands as easily as hard cash. Cheques in any other currency are more or less unusable.



According to *Which?*, best buys for travellers' cheques come from Britannia, Halifax, Northern Rock, Portman and Yorkshire building societies, and Northern Bank, at only 1 per cent commission with no minimum.

Finally, it is worth shopping around for other good deals. The advent of new payment mechanisms, and the increased willingness of Britons to travel, particularly to Spain, have brought several innovative products in their wake. Travelers, an operator of bureaux de change, is allowing

customers to sell back up to 30 per cent of the original amount of their unused currency or travellers' cheques at the same exchange rate and without paying commission. This removes the irritation of spending less than you expected on holiday and getting

hammered by the new exchange rate when you return. All the Great British package holidaymaker needs to do is shop around before he leaves, and the Watney's he drinks in Benidorm could be so much cheaper...

Where to use your cards

IF YOU are planning to leave home with your credit cards, you should know where you can use them. Acceptance varies significantly from country to country.

If you need money in an emergency, all the major credit cards (Visa and MasterCard) and cash cards (American Express, Diners Club and Link) offer you cash withdrawals. Interest accrues just as it does if you use a credit card in a UK cash dispenser, so they are best regarded as a last resort.

Check before you leave to find if interest dates from the transaction or the first statement after it. The typical transaction charge for each deal is 1.5 per cent.

A recent survey by *Which?*, the magazine of the Consumers' Association, found dispensers were three times more likely to cause problems - either by rejecting cards or refusing to dispense money - than other transactions using plastic cards. But their record still was good. *Which?* found no cases of cards being swallowed by a foreign machine, and no significant differences between brands of card.

Cards require a personal identification number (PIN). Many people do not bother to keep this but issuers can send you a reminder. You should ask for your PIN a few weeks before you leave, but do not write it down unless you have to.

Next, check the limit on cash withdrawals for the card; usually, it will be different from the limit for purchases. Also, it can be wise to take out card protection insurance, as risks of theft increase when you go abroad. This should cost less than £10.

Finally, keep cash receipts - interest can mount up and you need to have records to check the charges.

Availability is as follows: ■ American Express has 45,000 automatic teller machines (ATMs) world-wide but they are concentrated, as you might expect, in the US where there are 28,000. There are 4,500 in Spain, 1,600 in Portugal and 1,500 in France, but you can probably afford to

leave home without the American Express card if you are going to Greece, where there are only 100 machines, or Germany (50).

■ Diners Club has access to 40,000 ATMs world-wide, mostly in the US and Canada. It also has widespread facilities at airports, thanks to a link with British Airways, and claims greater strength than its rivals in Africa.

■ MasterCard, generally known as Access in the UK, now has more than 95,000 ATMs. Its main strengths are the US and Europe, where it is known as Eurocard. By the end of this year, it plans to have 10,000 ATMs in Spain, 8,000 in Germany, 6,000 in France and 2,000 in the Netherlands. It will also have more than 1,000 outlets in Belgium, Denmark, Finland, Italy and Portugal. There are, however, none in Luxembourg.

■ Link, offered by a number of building societies and smaller banks, is something of a maverick network. Not all Link-offers in the UK have cards which can be used internationally. These do include Abbey National Co-operative, Girobank, and the Britannia, Norwich & Peterborough, Portman and Yorkshire building societies.

Link cards from these companies and a few smaller building societies, as well as Diners cards, allow you access to the Plus system of 70,794 ATMs. Pins is weak in Europe (it has only 3,000 machines, all in Spain), but better in Latin America (where the 899 machines include 585 in Mexico and 157 in Puerto Rico) and the Asia-Pacific region (where there are 10,622, including 511 in Australia, 291 in Hong Kong and 262 in Japan).

The cards also come in useful in North America - there are 10,622 ATMs in Canada and 46,689 in the US.

■ Visa has the world's largest ATM network: 110,000. These include 15,625 in Spain, 1,360 in Portugal, 7,160 in France, 1,030 in Italy and 39,885 in the US. But it has only 536 in Germany, a much weaker position than MasterCard.

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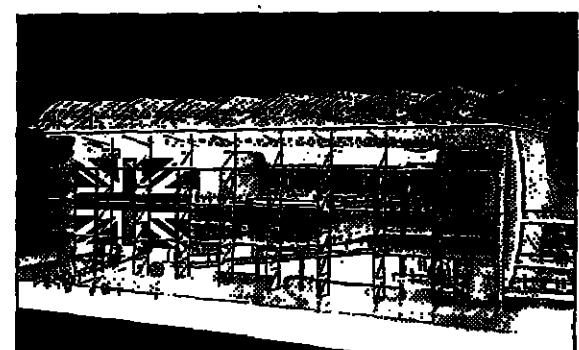
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FINANCE AND THE FAMILY

Insurers curb independents

Commission is being paid even if unwanted, says John Authers

INSURANCE companies are blocking the way for fee-charging independent advisers by paying commission to intermediaries even if they do not want it. A survey published this week by London advisers Blyth McKenna showed that only two life offices out of 28 - Eagle Star and Scottish Widows - offered total flexibility by allowing full or partial surrender of both initial and renewal commission on endowment policies. Half the companies contacted had no facilities at all for commission sacrifice - come what may, they will pay it.

Intermediaries can always pass the commission they receive straight to their customers. But if this happens, the customer has to pay income tax on the refunded commission, as it was meant originally as income for the intermediary. In any case, it would be more appropriate to use the money to enhance the investment: if the investor is prepared to part with it, it might as well be used to invest for profit in a relatively tax-efficient way.

The companies which did not offer any opportunity to enhance with-profit policies by re-investing commission were National Mutual, Provident Mutual, Scottish Equitable, Commercial Union, General Accident, Guardian Royal Exchange, Royal Life and Scottish Mutual. For unit-linked policies, the companies which would not allow any rebate were Scottish Amicable, Scottish Equitable, Abbey Life, Albany Life, Allied Dunbar, Commercial Union, General Accident, the Life Association of Scotland, Royal Life, Skandia Life and Sun Alliance.

Most of these offices pointed out that pension policies were much more flexible, typically with a range of commission re-investment options. Endowments remain inflexible. The insurers' replies to Blyth McKenna show a wide range of attitudes. Standard Life sent a

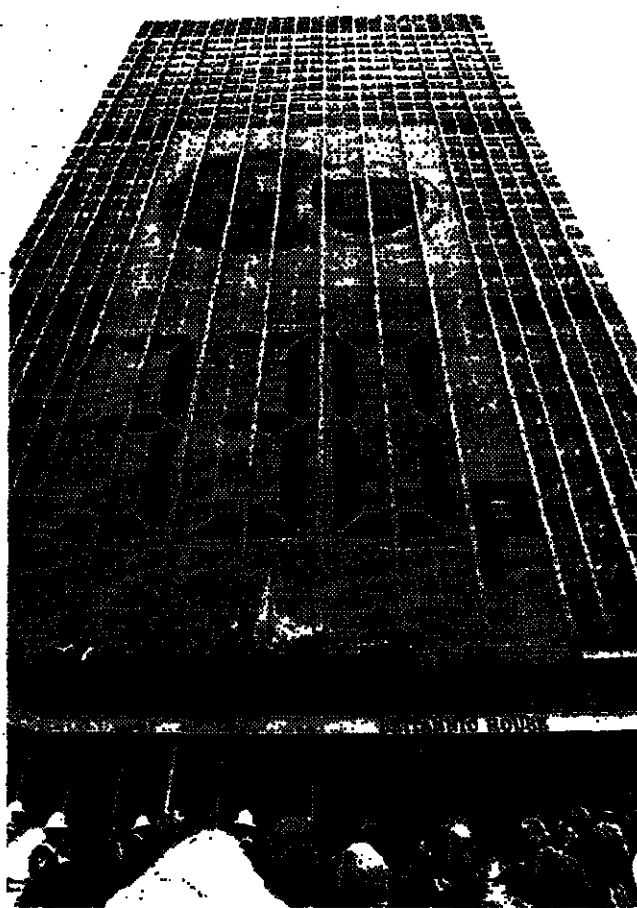
seven-page letter detailing the effects of re-investing commission, while Scottish Life provided five pages of notes on how returns could be increased by giving up all or part of a commission.

Others were less helpful. Allied Dunbar said: "You will appreciate that as we receive very few requests to provide this facility, we are unable to comply with your request at this moment in time." Provident Mutual explained its approach by saying: "This, I suspect, arises from the fact that there has in the past been little or no demand for such contracts from the independent intermediary market."

Re-investing commission can make a big difference - for example, Clerical Medical increases the sum assured on a 25-year policy by 7 per cent if the adviser gives up all his initial commission. There will, of course, be a fee to pay on top, but enhancement is likely to be better - over 25 years, the increased sum within the insurance policy has a good chance of snow-balling into a significant sum.

Jan McKenna, of Blyth McKenna, says: "Many independent advisers are keen to see us move quickly away from the commission system. I believe we are ready. It is the insurers who are standing in the way." Not all brokers are as happy about fee-charging advice as he is. But his argument that insurers should be forced to offer intermediaries the opportunity to waive their commission has some merit, as it would remove one of the greatest obstacles to a system of fee-charging independent advice in the UK.

James Clancy, a fee-charging adviser based in Northampton, also suggests that advisers should lobby with insurance companies for more flexibility. Ultimately, the insurers' responses suggest that more consumers asking to pay by fee could also have a big impact.



Towering hopes preceded the BT share flotation - but it was hit by the October 1987 stock market crash

Nerves begin to surface

Scheherazade Daneshkhu on the latest flotations

shares from July 6. The minimum investment is £1,000. Shares can be put into a personal equity plan within 42 days of the issue - any longer and they will have to be sold and bought back. Reyer Securities, the Share Centre and Sharelink are offering to "pep" the shares at low cost. Reyer charges a fee of £40 for a 25,000 general pep and a 1 per cent annual management fee from the 1993 tax year. Charges at the Share Centre are a flat fee of £50 and at Sharelink, a 0.75 per cent annual administration fee subject to a £20 minimum.

Wellcome has prepared a guide to the share offer obtainable from the Share Information Office on 081 944 1242. Its prospectus is due to be published on 25 June. MFL The furniture retailer's name gives it an inherent advantage in its appeal to private investors. In 1987, it was the subject of the largest management buyout then seen after a merger with Asda, the food retailer, which owns 25 per cent of the company.

Deadline for BT payments

THE 1.8m partly-paid British Telecom shareholders will have received their call notices this week for payment of the second instalment of the stock by July 7, writes Scheherazade Daneshkhu. However, the Treasury says cheques must be received by Lloyds Bank, the issue registrar, by Thursday July 2 to be cleared.

The second instalment will cost 120p per share but around 630,000 shareholders qualifying for the instalment discount, will only need to pay 105p per share on the first 1,000 shares.

If you miss the deadline, you could lose your shares as well as entitlements to special incentives such as instalment discounts or bonus shares. However, the Treasury says it may pay a refund of a maximum of 110p per share. Shareholders could receive less if the Treasury makes a loss once it deducts selling and administrative costs from the price obtained for the shares.

A number of special deals on the sale of BT partly-paid shares are being offered by some of the government-nominated share shops. Norwich and Peterborough is cutting its instalment commission to £15 on sales.

Barclays Bank's commission rate is 2 per cent subject to a minimum of £15 and this charge will cover a further three members of the family.

Bank of Scotland's charges are 1.5 per cent commission with a minimum of £15 for postal dealings and £20 for telephone dealings.

The Share Centre (0442-890800) is also offering a competitive deal. The selling commission is 1 per cent, subject to a £10 minimum.

Brokers Dumb & Boyle & Kingsley (071-547-8898) will sell for a 1.5 per cent commission on a £15 minimum. This single charge will cover up to 10 investors. The offer ends at close of business on June 23.

Lloyds Bank has set up a helpline for BT shareholders. The number is 0903-563733.

COMPANY NEWS SUMMARY				
TAKE-OVER BIDS AND MERGERS				
Company	Value of bid	Market price	Value of bid	Value of bid
bid for	share	share	share	share
Prices in pence unless otherwise indicated				
BSEI	35	35	29	7.31
Coca-Cola	101	100	145	476.82
Dorbyl	140	121	127 1/2	20.18
IRG	178	178	154	23.06
JS Pathology	282	282	237	95.47
Mandera	132 1/2	132	113	17.61
Midland	490 1/2	426	372	37.70
Norland	480	485	465	104.0
Penny & Giles	365	370	295	35.03
Tyne Tees TV	204	272	234	30.53
Worcester	226	223	188	60.50

*All cash offers. If cash alternative, offer capital not already held. Unconditional. *Based on 2.30 pm prices 19/02/92. BSEI share & cash. †Based on local price.

PRELIMINARY RESULTS					
Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)	
Automotive Financial	Jul	64,700	(74,600)	(-)	(-)
BET	Mar	18,500	(217,000)	(18.5)	5.5 (13.25)
Booth Industries	Mar	677	(983)	10.58	(15.99)
Bradford Property	Apr	23,100	(23,000)	10.76	(10.6)
Brent Walker	Mar	411,400	(367,700)	(-)	(-)
Bulgin (AF)	Jan	107	(505)	(-)	0.1 (0.1)
Cable & Wireless	Mar	844,000	(88,900)	30.1	0.13 (0.14)
Capital Gearing Trust	Apr	343.32	(290.84)	1.33	(0.14)
Chillingham Corp	Dec	646	(905)	(-)	0.5 (2.75)
Chloride	Mar	588	(5,505)	(-)	10.0 (23.1)
Cohen (A) & Co	Dec	783	(2,000)	(43.9)	10.0 (23.1)
Craig & Rose	Dec	20	(126)	(21.75)	12.5 (15.0)
Cranbrook	Dec	1,700	(1,380)	14.8	7.5 (8.5)
Davenport Kilmear	Dec	1,230	(944)	47.7	38.0 (43.0)
Dawson International	Mar	30,100	(26,100)	11.4	10.8 (12.0)
East Midlands Elec	Mar	150,000	(106,500)	50.1	(35.6)
Erskine House	Mar	12,700	(12,100)	11.7	(14.5)
Faguel Trading	Mar	1,210	(1,120)	10.22	(8.44)
Finsbury Tel	Mar	1,010	(1,070)	3.2	(2.9)
FXI	Mar	30,300	(40,200)	4.88	(7.1)
For & Col Smaller	Apr	2,420	(2,420)	1.97	1.75 (1.65)
GFI International	Mar	3,120	(5,570)	6.7	(9.7)
Gleaves	Jan	1,510	(428)	(-)	(-)
Goldsmiths	Feb	1,290	(1,700)	(5.67)	1.8 (4.0)
Harland Whiting	Dec	187	(1,800)	(-)	0.1 (4.0)
Household Foods	Mar	51,300	(51,200)	16.42	(17.13)
Household Mortgage	Mar	5,160	(2,210)	(-)	(-)
Leamington & Burchett	Apr	308	(1,700)	0.7	(-)
London International	Mar	16,900	(17,400)	8.34	(8.08)
Massey	Mar	84,700	(88,900)	68.7	18.25 (11.2)
Melville Street	Mar	1,050	(1,180)	4.2	(4.7)
Mountainview Estates	Mar	6,880	(8,070)	95.8	(116.1)
National Power	Mar	514,000	(634,000)	28.63	(23.54)
Norfolk	Mar	137,800	(70,300)	51.0	(24.9)
Oceanic Co	Mar	72	(1,290)	2.31	(-)
Oceanic Inv. Corp.	Mar	382.9	(517.44)	(16.0)	11.0 (11.0)
Office & Electronic	Dec	57	(58)	(-)	(-)
Owen & Robinson	Jan	2,900	(838)	(-)	0.15 (0.1)
Portsmouth & Sunland	Mar	4,290	(5,250)	24.2	(20.0)
Reid	Mar	3,000	(2,500)	(-)	1.0 (3.7)
Riba	Dec	3,200	(778)	(-)	(-)
Safeland	Mar	167	(333)	0.6	(1.1)
Severn Trent	Mar	285,000	(249,000)	68.2	(64.5)
Shanks & McNeill	Dec	31,100	(23,900)	11.9	(13.2)
Shawdon (Retail)	Mar	300	(343)	4.54	(5.1)
Shawdon Industries	Apr	24,800	(28,000)	16.6	(8.2)
Sirring	Mar	2,440	(1,080)	3.08	(2.2)
Vibroplast	Mar	4,600	(6,200)	8.55	(9.84)
Vokes	Mar	3,680	(4,160)	14.8	(17.9)
V-Tech Holdings	Mar	24,800	(28,400)	14.8	(17.9)
Waddington (John)	Apr	12,500	(16,027)	11.59	(14.75)
Wellman	Mar	1,050	(2,860)	2.4	(3.2)
Welpac	Jan	305	(13)	(-)	(-)

INTERIM STATEMENTS				
Company	Half-year to	Pre-tax profit	Interim dividends	
		(£000)	per share (p)	
Alvis	Mar	1,560	(1,040)	0.5 (0.5)
Bracebridge	Mar	4,200	(2,300)	1.45 (1.35)
Brooks Tool	Mar	1,570	(122)	(-)
Chemring	Mar	2,692	(2,410)	10.9 (9.9)
Control Techniques	Mar	1,570	(1,100)	2.15 (2.15)
Davenport Vernon	Mar	1,065	(547)	1.5 (1.5)
Dundas & London	Apr	1,080	(1,300)	1.0 (0.75)
Gestelton	Apr	8,200	(21,700)	1.8 (1.8)
Interac Group	Apr	1,400	(452)	0.8 (10.5)
Kleen-E-2a	Feb	587	(428)	(-)
London & Clydeale	Mar	120	(859)	1.8 (1.8)
Lookers	Mar	515	(1,229)	1.0 (1.0)
LPA Industries	Mar	310	(310)	1.65 (1.65)
NPC	Apr	36,500	(36,500)	1.4 (1.3)
Neotronics Tech	Mar	1,140	(1,510)	0.85 (0.8)
Princescote Group	Mar	326	(196)	(-)
River Plate & Sea Tel	Oct	1,350	(1,350)	1.0 (1.0)
Sherriff Holdings	Mar	191	(1,350)	1.0 (0.75)
Trealt	Mar	571	(506)	1.0 (1.0)
Widley	Mar	97	(406)	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = Loss, P = Profit and dividend figures quoted in US dollars & cents. † = Last year's figures on a pro forma basis. ‡ = Net Revenue. § = Net Asset Value.

RIGHTS ISSUES
Dunlop Jenkins is to raise £2.4m via a 4-for-5 rights issue at 50p.
Finlay Group is to raise £3.0m via a 4-for-3 rights issue at 100p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS
Allied London has placed a further £25m of its 10 1/2 per cent first mortgage debenture stock 2025.
Country Casuals is to raise £4.3m via a placing at 150p.
Dorling Kindersley is seeking a full listing on the London Stock Exchange this autumn raising about £20m.
Gleaves Group is to raise £2.5m via a placing of convertible secured loan stock.
Karmod Appliances is to raise £39.5m via an offer for sale.
Taunton Cider is to raise £75-85m via an offer for sale and placing.

RESULTS DUE				
Company	Announcement date	Last year	This year	
		Int.	Final	Int.
FINAL DIVIDENDS				
AAH Holdings	Wednesday	4.95	9.8	5.4
Allen	Monday	1.6	3.3	1.65
Amber Industrial	Monday	4.5	12.0	4.5
Berkeley Group	Thursday	1.5	3.0	1.5
Bridgford Group	Tuesday	-	-	-
BPB Industries	Thursday	4.0	7.25	4.0
Brown Water Works	Wednesday	3.0	6.0	6.8
Brown Shipley	Thursday	1.5	3.0	1.5
Brown & Tawse	Thursday	2.85	2.85	2.85
BTP	Wednesday	2.85	5.45	3.1
Cambridge	Monday	1.0	1.0	1.0
Cambridge & Armstrong	Wednesday	1.53	3.17	1.83
Cassidy (Preston)	Wednesday	0.15	1.5	1.5
Feedback	Wednesday	2.0	3.0	2.0
Ferranti	Tuesday	1.0	2.0	1.0
Finlay Group	Tuesday	1.5	1.5	1.5
Gleaves Group	Tuesday	1.5	1.5	1.5
Hallam	Tuesday	0.82	0.82	0.82
Harley Oil & Gas	Monday	2.0	3.75	2.0
Harris (Philip) Hedge	Monday	2.25	3.3	2.25
Hogg Robinson	Wednesday	0.37	0.77	0.37
Investment Co	Monday	1.7	1.7	1.7
IAS Optimum Income Tel	Monday	0.37	0.77	0.37
Ivory & Stone	Monday	1.25	4.5	1.25
Kalamazoo	Wednesday	1.43	2.87	1.5
Latham (James)	Tuesday	2.0	4.5	1.5
London Electricity	Wednesday	0.8	10.45	6.0
M. Holdings	Wednesday	0.8	2.6	0.8
Neaprest	Thursday	0.5	1.0	0.5
NSM	Tuesday	0.5	1.0	0.5
Refinery Int'l	Thursday	0.8	11.7	7.5
Scotfinc	Thursday	0.75	2.18	0.75
South Wales Electricity	Thursday	-	-	-
Southern Electric	Thursday	-	-	-
Southern Water	Thursday	-	-	-
Sterling Industries	Friday	5.8	11.8	6.5
Stoddard Sekers	Thursday	0.55	1.88	0.75
Sydney	Friday	3.0	6.0	3.15
TGI	Monday	0.1	0.2	0.1
Vesco Group	Friday	0.1	0.2	0.1
Wagon Industries	Wednesday	6.32	10.67	6.32
Western Water	Thursday	6.1	11.8	8.6
Westport Group	Monday	1.0	1.0	1.0
Whitehead	Tuesday	4.8	9.4	3.3
Yorkshire Water	Thursday	5.9	11.8	6.5
INTERIM DIVIDENDS				
Abnovo	Tuesday	2.0	2.0	2.0
Bell Brothers	Friday	2.1	2.1	2.1
Brumby Int'l Tel	Friday	1.0	1.0	1.0
First Leisure	Thursday	1.0	1.0	1.0
Greenwich Resources	Thursday	1.74	3.85	1.74
Harley & Hanson	Monday	1.4	2.4	1.4
Hastings Group	Wednesday	0.75	1.85	0.75
Kidderminster Int'l Tel	Tuesday	1.00	3.75	1.00
Lee (Arthur) & Sons	Wednesday	1.65	4.25	1.65
Sherriff Group	Tuesday	0.85	1.35	0.85
Southern Business	Wednesday	1.00	1.00	1.00
TSB Group	Thursday	3.15	3.25	3.15
Walker Greenbank	Wednesday	1.2	1.8	1.2

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

WARRANTS ALERT NEWSLETTER

The Sion, Nailsea, Bristol; BS19 2EP. Tel: 0275-855358 Fax: 0275-854131

For over twenty years, warrants have been a well-kept secret in the City. Used by market professionals and their favoured clients, warrants have produced some astonishing profits. In 1991 Altrours warrants kept from just 10p to 67p - a gain unmatched by any other security. In fact, the average warrant rose by 31% last year, and several doubled over the same period.

Not surprisingly then, the warrants market is the fastest-growing sector of the London Stock Exchange. Over 190 warrants are now listed, including Hanson, BTR, Lucas and Eurometall. The real attraction of warrants is that they are traded on the Stock Exchange just like ordinary shares, but they have the potential for much larger capital gains. Even a small increase in the underlying share can result in a substantial profit on the warrant. For example, BTR shares have risen by 17.0% so far this year while the 1993/94 warrants have kept from 31p to 65p - a gain of 103.2%.

Now, these profits can be yours - if you have the right information and the skill to select the best performers. Subscribe to our unique 'Warrants Alert' newsletter service (the only one of its kind in the UK), and you can benefit from our unrivalled knowledge of this special market - at half-price.

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EUROTUNNEL SHAREHOLDER INFORMATION MEETING

The Eurotunnel Shareholder Information Meeting to be held at Folkestone on 26 June 1992, including a brief tour of the terminal site, has proved so popular that it is now almost fully subscribed.

Shareholders intending to attend the meeting must contact Eurotunnel's Investor Relations Department (Tel: 071 834 7575) to reserve their place. Eurotunnel

FINANCE AND THE FAMILY

Investing in ... Italy

The cracks begin to show

Scheherazade Daneshkhu reports on a market for the risk-takers

IF ART mirrors life, then the news last week that the Colosseum in Rome is beginning to fall apart is an apt metaphor for the political and economic problems afflicting Italy.

President Oscar Luigi Scalfaro has only this week been able to appoint a prime minister by asking Giuliano Amato, deputy leader of the Socialist party, to form Italy's 51st government since the war.

This is a full two months after the latest elections in which a resounding vote of no-confidence was given to the ruling Christian Democrat-Socialist alliance.

Italy has been leaderless at a time when important decisions are needed and constitutional reform is on the agenda.

The frustration was made clear by Carlo Azeglio Ciampi, governor of the Bank of Italy, when he called earlier this month for the urgent introduction of an austerity package to tackle the country's deteriorating economy.

Sentiment has not been helped by the brutal assassination last month of Giovanni Falcone, Italy's leading anti-Mafia magistrate, and revelations about a municipal corruption scandal in Milan.

These uncertainties depressed the stock market, until the news that the appointment of a new prime minister was imminent caused a short-lived rally. The market started its downward slide almost exactly a year ago. The ICI index at June 4 was 10 per cent below its February high for the year according to J.P. Morgan and has underper-

formed the FT-A Europe index since then by 15 per cent. Most investors are underweight in Italian equities and J.P. Morgan recommends them to stay that way.

Should Italy be left well alone until it sorts itself out? Or is this a low point representing a good buying opportunity for brave investors?

There are certainly plenty of negatives. The main problem worrying fund managers is the growing size of Italy's budget

deficit. Dino Fuschillo, of the fund management team for the Lazard European Growth unit trust, estimates this at £160,000bn-185,000bn for 1992, or around 11 per cent of gross domestic product.

This compares with 4 per cent in Germany, 1.5 per cent in France and 4 per cent in Spain. Yet, if Italy is to meet the convergence timetable set by the Maastricht treaty, it will have to reduce the figure to 3 per cent by the end of 1998.

Total public debt - more than 100 per cent of GDP - and retail price inflation of around 6 per cent also distance Italy increasingly from its main EC partners.

"Italy has to face up to a whole range of problems which, in the short term, it cannot do," says Stephen White, fund manager of Foreign & Colonial's Eurotrust.

For this reason, he has taken the Italian weighting in the fund down to 3 per cent - the lowest since June 1986, when it reached a high of 9 per cent. Apart from inflation and the budget deficit, White points also to the increasing industrial competition being faced from neighbours such as France and Germany.

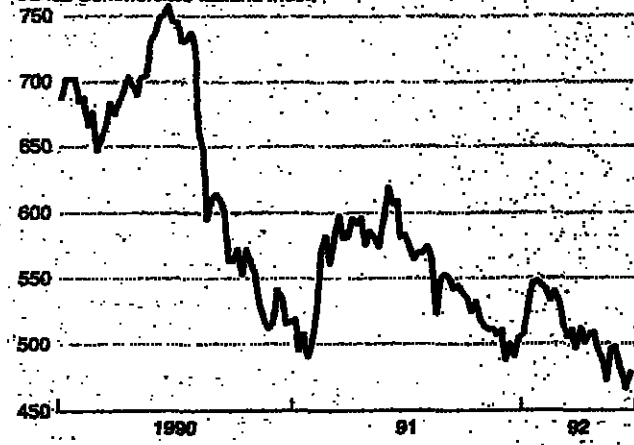
"Italy is locked into a fixed exchange rate. But its costs are rising in D-mark terms, and companies like Fiat are suffering because they used to be in a protected market," he says.

Yet, the Italian situation is paradoxical. The wealth of its private sector is in stark contrast to the poverty of the public sector, but its economy remains the world's fifth-largest and is ahead of the UK's.

It is the second-biggest producer of capital goods in Europe after Germany, and a 2 per cent growth in real GNP in

Italy

Banca Commerciale Italiana Index



Source: FT Graphix

FACTFILE: Italy



Population 1990:	57.7m
Gross Domestic Product 1991:	£653bn
Market Capitalisation, end 1991:	£82.3bn
Inflation Rate, May 1992:	5.6 per cent
Interest Rate (discount), June 15:	12 per cent
Exchange Rate, June 15:	£1 = L2207.8



Taking it easy around Rome's Trevi fountain... but politically the nation remains in a state of acute frustration

Trevi Fountain

1990 was higher than the US and the UK.

There are some signs of an official determination to confront the economic problems. In January, the government imposed a six-month freeze on capital spending projects to hold down the public sector deficit; the caretaker administration extended this by three months.

Some fund managers see potential for a turnaround. "There is no law that says Italy always has to be in a mess," says David Sachon, managing director of Hill Samuel unit trusts.

"There is potential for significant returns over 12 months

because wage inflation has been brought under control, which is allowing the economy more space."

Sachon believes the government recognises that it will have to tackle the economic problems seriously if Italy is to play a full part in Europe.

The Italy weighting in Hill Samuel's European unit trust is 8 per cent, which is greater than in most other collective funds investing in Europe. Sachon says there are no plans to increase it because of the risk of continuing political instability. But he regards the Italian market as a stock-picking opportunity rather than one in which to spread assets.

"The private investor should think of Italy as a small part of his portfolio and identify reputable companies with a solid basis," Sachon notes. These include Eridania, an agro-industrial company, responsible for the improvement in the operating results of Montedison, the Italian chemical and agribusiness concern.

The Italian market is certainly cheap in price to cash flow terms of 2.8 compared with 6.8 for France, 5.8 for Germany and 5.8 for West Europe, excluding the UK which is 10.0.

"You can pick up 15-20 stocks at low levels but you have to be selective," says Francesco Riccioli, Italian

equity market analyst at Paris.

He favours Sirte, Stet and Italcabel in the telecoms sector; Sai and Ras in the insurance market; Sme in food; Credito Italiano and Banco Lariano in the banking sector; and Teleco Cavi, the equipment manufacturer.

Trading volume, though volatile, has been generally thin and it is unclear where the demand for a stream of new issues due on the market is to come from.

The potential for volatility means that the opportunities that might exist in Italy still are reserved very much for risk-takers.

BEST RATES FOR YOUR MONEY

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Cheltenham & Gloucester BS	London Share A/C	0800 717505	Instant	£2,500 10.40%	Y/y
Bristol & West BS	Balmoral A/C	081 225 3557	Instant	£25,000 10.80%	Y/y
Cheltenham & Gloucester BS	Premier A/C III	0800 272505	30.9.94	£10,000 11.75%	Y/y
	Golden Term Share	0800 717505	4 Year	£25,000 12.25%	Y/y
TESSAs (Tax Free)					
Allied Trust Bank		071 828 0879	5 Year	£3,000 12.85%	Y/y
National Counties BS		0872 742211	5 Year	£3,000 12.00%	Y/y
Exeter Bank		0392 50635	5 Year	£250 11.25%	Q/y
West Bromwich BS		021 526 7070	5 Year	£150 11.80%	Y/y
HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA	031 556 8235	Instant	£1 9.50%	Y/y
UDT	Capital Plus	0734 560411	Instant	£1,000 9.40%	Q/y
Cheltenham BS	Classic Postal	0242 521361	Instant	£5,000 9.75%	Y/y
				£10,000 10.00%	Y/y
				£25,000 10.50%	Y/y
OFFSHORE ACCOUNTS (Gross)					
Woolwich (Guernsey) Ltd	Intl Gross	0481 715735	Instant	£500 9.50%	Y/y
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000 10.75%	Y/y
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000 11.00%	OM
				£25,000 11.25%	OM
				£50,000 11.75%	OM
GUARANTEED INCOME BONDS (Net)					
Prosperity Life FN		0800 521548	1 Year	£25,000 8.35%	Y/y
Financial Assurance FN		081 367 6000	2 Year	£5,000 8.20%	Y/y
Liberty Life FN		081 440 8210	3 Year	£25,000 8.40%	Y/y
Financial Assurance FN		081 367 6000	4 Year	£5,000 8.25%	Y/y
Aetna FN		0800 010575	5 Year	£50,000 8.40%	Y/y
NAT SAVINGS A/Cs & BONDS (Gross)					
	Investment A/C		1 Month	£5 8.50%	Y/y
	Income Bonds		3 Month	£2,000 9.25%	M/y
	Capital Bonds D		5 Year	£100 10.75%	OM
NAT SAVINGS CERTIFICATES (Tax Free)					
	37th Issue		5 Year	£25 8.00%F	OM
	5th Index Linked		5 Year	£25 4.50%	OM
	Childrens Bond B		5 Year	£25 10.9%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable). OM = Interest paid on maturity. M = Monthly. S = Semi-annual. Y = Yearly. £ = Rate fixed until 1.10.92. £ = Rate fixed until 1.10.92. £ = Rate fixed until 1.10.92.

Source: MONEYCHECKS, The Monthly Guide to Investment and Mortgage Rates, Wakeham House, Station, Norwich. Readers can obtain a complimentary copy by phoning 0800 520206.

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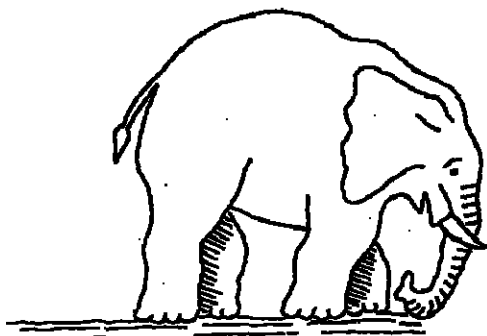
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*Source: Premier Unit Trust Brokers - unit trust income funds survey, March 1992.

FINANCE AND THE FAMILY

Trustees told: do your job properly

Caroline Garnham reports on a High Court rebuke to NatWest - and its implications

THE HIGH Court last month fired a shot across the bows of trust fund managers. Although Lord Justices Dillon, Staughton and Legatt decided unanimously in the Court of Appeal that the National Westminster bank had not been in breach of its duty as administrator of a will trust, they made several stinging criticisms.

Lord Justice Staughton said the bank had fallen "woefully short" of maintaining the real value of the fund, let alone matching the average increase in the price of ordinary shares. He added that the trustees had failed to conduct a regular and periodic review of the investments and spoke of "incompetence and idleness."

Lord Justice Dillon said the bank had "little to be proud of" in its handling of the fund. But the most damning comment came from Lord Justice Legatt, who declared that "no testator would choose the defendant bank for the effective management of his investment."

The facts are simple. A man named Nestle died in 1922, leaving an annuity fund of

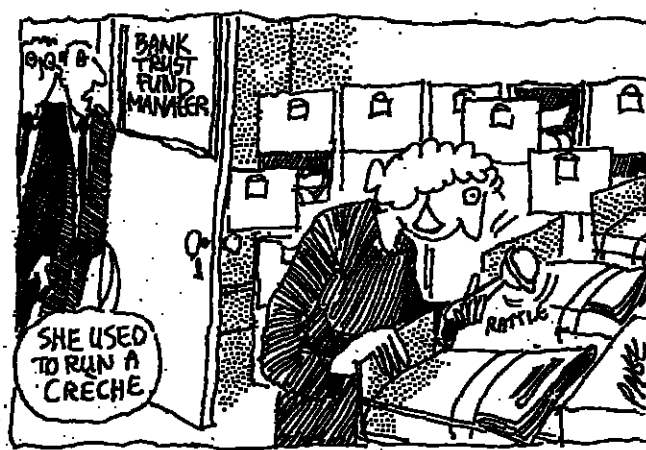
about £37,000 and two subsidiary funds of about £5,000 each. He appointed the National Provincial Bank (later incorporated into NatWest) to look after them as a trustee for his family.

In 1986, when the trust ended, a woman descendant was paid £269,203 as the sole beneficiary. But she claimed this was not enough and that NatWest had misunderstood its powers of investment. She said the bank had put money only into fixed-interest securities and bank and insurance shares rather than in a wider range of equities which probably would have performed better through the 1970s and '80s.

Case law on the liability of trustees for breach of their investment duties has remained relatively static since the last century. In 1896, Lord Lindley said the duty of a trustee was to be just as careful as an ordinary prudent man when investing for the benefit of others.

In 1961, the Trustee Investments Act set out in further detail the duties of trustees. They should:

■ Diversify investments so



long as this suited the circumstances of the trust.

■ Decide if particular investments were suitable.

■ Get and consider proper written advice about whether the investments were satisfactory.

■ Review the investments at regular intervals to decide if they should be kept or changed.

The woman, who had already lost before Mr Justice Hoffman in the High Court, lost again because the judges ruled she had failed to show

that the fund's value had performed less well than it would have done if the bank had not misunderstood the investment clause.

They said the fund had kept pace with the cost of living and had outperformed certain unit trusts. It had not kept up with the FT-SE share index, but it was accepted that this could be difficult for any investment manager to achieve.

So why, then, were the judges so critical of the trustees? Possibly because the fund had increased eight times

under NatWest's management; thus, despite the bank's poor administration, the judges could not find that it was liable for breach of trust.

The case might not have been the best one to bring before the Court of Appeal, since the fund had performed reasonably well. But the judges did feel it was appropriate to warn all professional trustees that, if they were charging a fee, they should provide a professional service; and that any trustee which failed to preserve a fund's capital value through incompetence and idleness might not be treated in the same way as the trustee in this case.

The decision is, however, disappointing for both settlors and beneficiaries who might be left feeling they cannot get redress from the courts for anything other than a disaster resulting from incompetence and idleness. A trustee may be judged by absence of default rather than lack of success. This puts the onus back on settlors and beneficiaries alike to keep an eye on their trustees' performance.

So what can a settlor do to

keep his trustees on their professional toes? Certainly, if you have not yet set up a trust, there is nothing to stop you taking advice on how to impose special duties and obligations on trustees.

In addition, you could reserve power in the trust deed, either for yourself or a third party, to remove the trustees without explanation. (You could find, however, that trustees would resist these clauses or refuse to be a trustee at all.)

For trusts already in existence, it might not be possible to add such provisions. If you are a beneficiary, you should first ask your trustees for information on how they are administering the fund. If you are not happy with this, you should then remind them of their investment duties.

Only if this fails should you consider removing them, although this could mean going to the courts - which could be time-consuming and costly. Even then, success is not guaranteed.

Caroline Garnham is a tax lawyer with the City firm of Simmons & Simmons.

Cautious mortgage lenders redo their sums

Expenditure and net income are becoming part of the home loan calculations, writes David Barchard

FOR many years, income has been the standard yardstick for judging the size of the mortgage which a house buyer can afford.

For couples the formula has been three plus one: that is, three times the larger income plus the smaller income multiplied by one. A single person can expect to get a mortgage of up to three times his or her annual salary.

As many families can ruefully testify, borrowing on this scale can be quite painful, particularly if you take out your mortgage when rates are low and then find yourself struggling to keep up with the monthly payments when interest rates are higher.

In the 1980s housing boom, that fact did not deter some building societies from lending much larger amounts to their customers. Some lenders were willing to advance up to five times a

customer's annual income.

If you are applying for a mortgage these days, you may well find yourself being asked to fill in a form listing your monthly outgoings or you may have to give information to your mortgage broker who will perform this task for you.

Calculations are based on post-tax net monthly income, and existing borrowing, mortgage and any car loans only. Utility payments such as gas and electricity bills are not necessarily needed.

Nationwide, the second largest building society, now asks customers whose loans are over 90 per cent of the value of the property to supply details of their income and spending, some other societies do the same.

These details are usually not very rigidly policed, but they do give the lender a more exact idea of how affluent (or not) its prospective customer

is. Borrowers are forced to think about exactly how much cash they will have in hand each month, once the direct debit on the mortgage starts to operate.

Affordability measures of this sort are also used behind the scenes by some lenders as a way of double-checking whether they should make a particular loan or not.

If you get into trouble keeping up your payments on an existing mortgage, you will find that your lender quickly steps in to measure your monthly outgoings.

Nationwide, the second largest high street bank, asks customers who have missed two months' mortgage payments to fill in a form on monthly outgoings to help assess their ability to recover.

Customers are not obliged to fill in the form, though anyone two months behind with the payments on their

home is not best advised to get on the wrong side of their lender.

The most radical step has been taken by BNP Mortgage, the UK offshoot of the French bank, which asks its customers to go through a much more complex set of measurements of their disposable cash to show that they can afford the mortgage they are contemplating.

Donald Cameron-Moore, chief executive of BNP Mortgage says that BNP will lend mortgages whose monthly payments are up to 35 per cent of the net income of a customer, after tax and other deductions including car and travel expenses.

"The result is that we lend less than competitors using the traditional multiple, but we do lend more on joint applications on mortgages up to £100,000," says Cameron-Moore.

He believes that some intermediaries appreciate the system since it

reduces the risks for both borrowers and intermediaries.

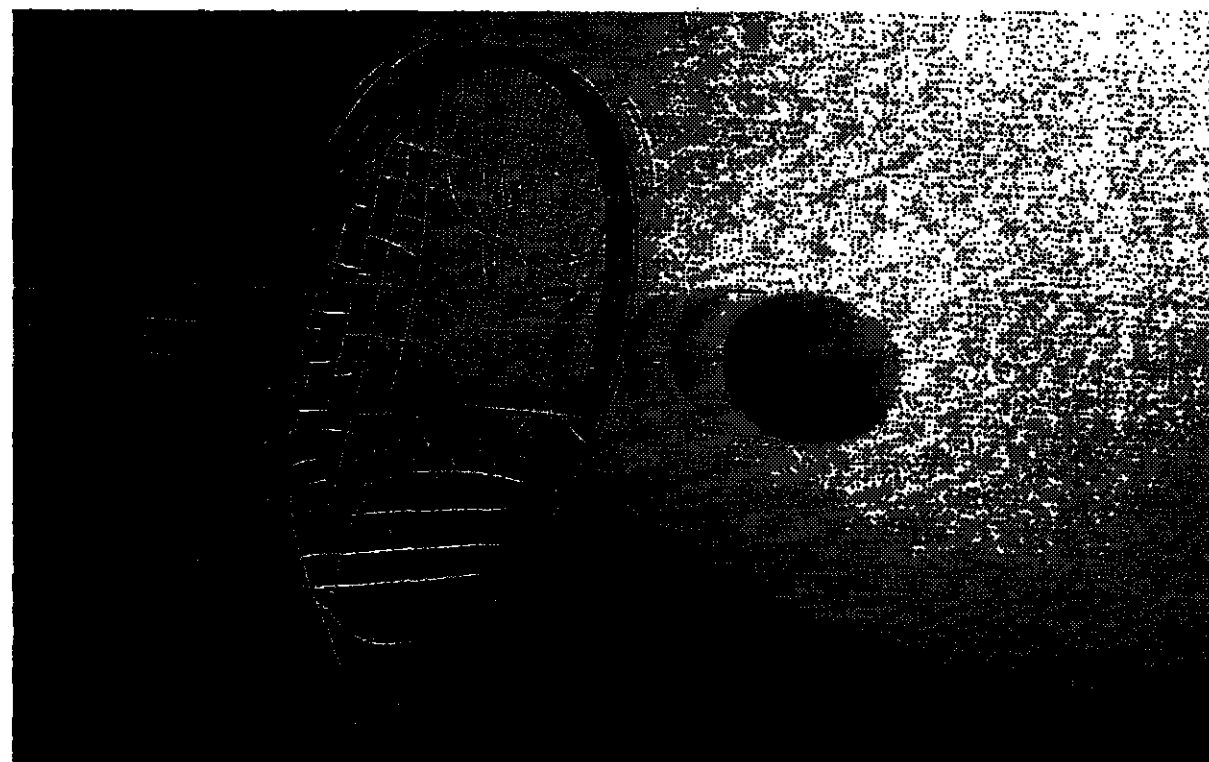
"I have my doubts about whether these new measurements will make much difference to the market. The question is what happens to interest rates. If they go up again, you will have the same problem," says Ian Darby, managing director of John Charcol, the mortgage lender.

There are already some signs that building societies do not like cumbersome restrictions which interfere with the flow of business in a thin market.

For example, in a move designed to make mortgage fraud more difficult, some lenders were demanding that borrowers produce identity documents such as a birth certificate, driving licence or community charge book if they came from intermediaries, but they now seem to be relaxing these requirements.

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FINANCE AND THE FAMILY

Pension investors to face bonus squeeze

PENSION investors could face sharp cuts in bonuses and radical changes in the way they are allocated.

The Institute of Actuaries wants to see rates for pension contracts, based on traditional and unutilised with-profits funds, changed to reflect the poor returns of the late 1980s and the predicted low yields of the 1990s.

The Institute is also looking hard at how actuaries are dealing with unutilised with-profits contracts. Little is known about the long-term implications for investors of these products; yet, by mid-1992, three-quarters of providers had replaced their traditional with-profits contract with a utilised version.

With-profits pensions have been available for the self-employed and those in non-pensionable employment since 1966, initially in the form of self-employed retirement annuities and, since July 1983, as personal pensions. Until three years ago, traditional with-profits contracts formed the backbone of this thriving market.

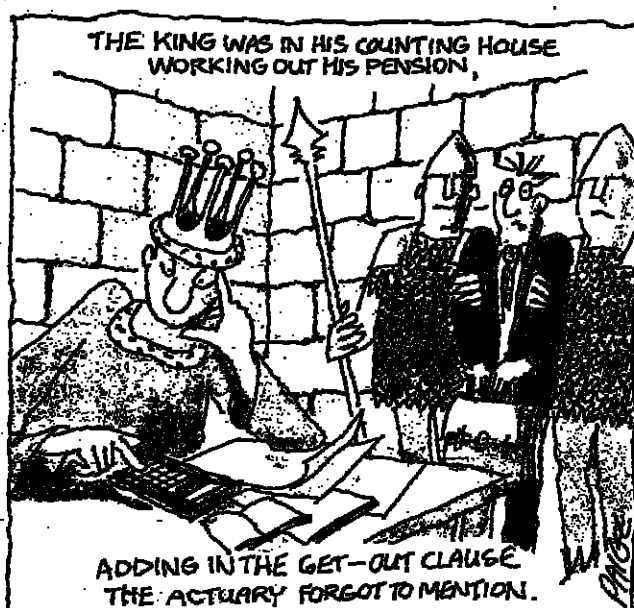
Under a traditional contract, the investor secures a substantial guaranteed sum at maturity, to which annual or reversionary bonuses are added. These bonuses, which smooth out fluctuations over the long term, are guaranteed and, once allocated, cannot be taken away. On top of this, there is a final or terminal bonus which is discretionary and reflects actual performance over the past 15 months.

This method of distributing profits to policyholders became more complex with the introduction of a two-tier annual bonus system. Originally, bonuses were paid as a percentage of the sum assured plus any attaching bonuses from previous years. Now, however, most providers allocate a lower bonus to the sum assured and a higher rate to the accrued bonuses. In this way, providers hope to cut overall payouts at the expense of the shorter-term contracts.

A second trend in recent years has been for providers to place greater emphasis on the discretionary final bonus. Under a standard Life 25-year with-profits contract, for example, the terminal bonus accounts for more than 60 per cent of the total payout at maturity. At the other end of the spectrum, Commercial Union's terminal bonus accounts for under 30 per cent of final payout.

Advocates of the terminal bonus argue that it gives greater investment flexibility since a smaller part of the underlying fund has to be set aside in a special reserve to cover future guarantees. The pro-guarantee lobby argues that the shift in emphasis towards final bonus constitutes a significant change in the risk profile of these contracts.

In future, though, bonus rates may be cut severely as actuaries follow the guidelines expected to emerge from an investigation by the Institute headed by Chris Headon, senior assistant actuary with Equitable Life. He is chairman of the Institute's working party on future bonus prospects



which is examining how quickly, and by how much, bonus rates should be cut because of the influence of the European exchange rate mechanism coupled with a prolonged period of low inflation and low investment returns.

Headon says: "It is generally accepted that bonus cuts have not gone far enough, although there are signs that the old reluctance to cut is being replaced by a more realistic attitude. The industry has not done itself any favours by treating the high declared bonus rates of the past as a sacred cow."

At the same time, the Institute is examining the whole concept of the unutilised with-profits contract. In spite of marketing claims that these products are easier to under-

Debbie Harrison reports on moves to cut returns on contracts

stand than the traditional contract, utilisation is not synonymous with simplification. This product does not offer a guaranteed sum at maturity; thus, the provider does not have to set aside such large reserves to meet its obligations. Also, the bonuses are declared in a different format from traditional contracts.

Most providers increase the value of the unit price but a minority, including Sun Life and Legal & General, maintain a fixed unit price and add bonuses through the allocation of extra units. Within these two systems, there are a host of variations on the way profit is distributed.

Moreover, one-third of providers - including Provident Life, Prudential, Sun Life and Scottish Equitable - do not offer a guaranteed minimum bonus. The rest provide a minimum of about 4 per cent per annum. Unutilised funds also apply a final bonus, but the product has only been available for a few years and a clear pattern has not emerged.

The Institute's working party on unutilised funds is keen to investigate whether actuaries are tackling in the best way what is a relatively new product that now accounts for the

majority of new pensions (and endowment) business. Unutilisation also heralded the arrival of the controversial market value adjuster (MVA). These adjusters are used as a safety net for providers in case of a mass exodus of clients following a drop in the markets, and allow them to reduce the value of units. In this respect, the guaranteed nature of the accruing bonuses is not so solid after all.

The working party on unutilisation, which draws on expertise from the government actuary's department, life offices and actuarial consultants, requested detailed information from providers to determine how bonus rates are calculated and how the MVAs operate. The survey also examined investment policy and the level of reserves held to meet future obligations. The working party is expected to publish its findings shortly and could issue guidelines to actuaries operating unutilised funds.

William Hewitson, chief actuary in the life insurance division at the government actuary's department, says: "In most cases, life offices introducing the product have at the same time withdrawn their traditional with-profits contract. The Institute felt that this new concept should be the subject of a professional study to see what sort of practices were developing with the idea of setting some broad industry standards."

The investigation also spotlights concern over the almost wholesale abandonment of the traditional with-profits concept. This seems odd at a time when volatile markets and pension scandals have sent investors in their droves seeking lower risk pension policies underpinned by guarantees.

Providers claim that unutilisation benefits the investor. But the proliferation of unutilised contracts has taken place over the past three years when the call for life offices to cut bonuses and reduce pressure on reserves has intensified.

Since it is almost impossible to compare the two types of bonus rates, cynics might argue that the switch to unutilisation has given providers the opportunity to revise contracts to suit themselves without inviting unwelcome publicity.

THE BOUNDARY between our property and the neighbouring property has been a tree line roughly 75 yards long with the trees themselves belong to our neighbour. There has never been a boundary fence in place.

We painted our house last September, which is surely our prerogative. Ever since our neighbours have been distinctly "cold".

Our neighbour has now decided that the boundary line needs clarification. We have looked at garden plans which reveal no means of assessing the boundary line save the garden area (which is complicated by the fact that the shapes are irregular).

I maintain that the boundary line is the tree line with my neighbour in possession of the trees, which is consistent with my area measurement. He insists that it is several feet past the trees on my side.

On whom does the onus lie to alter this mutually accepted boundary? I have no wish to involve myself in any legal expenses when I am not disputing its present position. Can my neighbour erect a fence where he assumes it lies? What are my rights in this case?

We have lived in the house since 1987 and have carried out many mutually beneficial improvements which our neighbour appreciated until now. We are a young family with three children and no wish to cause ill feeling or incur large expenses.

You have no obligation to do anything to resolve or fix the boundary. However, if your neighbour puts up a fence within your land you have little choice in practice other than to challenge him in court or by physically removing the

fence. If you do not he will acquire title to the strip of your land which he has thus enclosed once 12 years have elapsed.

Second homes

I HAVE moved from my home as a result of changing my job and I am renting out my main residence. I am considering purchasing a second property for investment purposes and renting that out as well.

1. Can the excess interest on the loan for the second property, over and above rental income, be used to offset tax on the income from letting my original home?

2. Does it matter, for tax purposes, on which house the loan for the second property is secured?

3. Can qualifying expenses incurred in the tax year immediately prior to letting these properties, and solely related to preparation for letting, be used as an allowance for tax purposes against rental income in the current tax year?

4. Can you recommend a thorough tax check which covers residential lettings in detail?

The solicitors who act for you in the purchase will, of course, be able to guide you through the income tax and capital gains tax maze. (Before formally appointing a firm to act for you, however, it would be prudent to check that it has someone who is competent in the tax aspects of domestic property transactions.)

1. Yes; subject to the conditions set out in section 355(1) (b) of the Income and Corporation Taxes Act 1988 by virtue of section 355(4).

2. No; it is the use of the borrowed money which mat-

ters - not the security for the loan by virtue of section 354(1). 3. No. However, such expenditure may be deductible in calculating the chargeable gain when the house is sold, by virtue of Inland Revenue statement of practice D24.

"Expenditure on initial repairs to a property (including expenditure on decorations) undertaken in order to put it into a fit state for letting, and not allowable for the purposes of Schedule A, is regarded as allowable expenditure for capital gains tax purposes under section 38(1) of the Taxation of Chargeable Gains Act 1992."

4. You are probably better off talking to your solicitor.

The following free pamphlets from your tax office may be helpful, but they oversimplify the intricate and arbitrary rules laid down by Parliament: CGT4 - Capital gains tax: owner-occupied houses; IR87 - Rooms to let.

Miras on two homes

MY HUSBAND and I live in rented housing. I hope to obtain a job several hundred miles away where we intend to buy a house. My husband needs to retain a base in this area for his work, and he intends to buy a small flat near here.

Presumably I could get a large enough mortgage on my salary to buy the house in my name alone, could I then claim the £30,000 Miras tax relief? Could my husband then do the same for his flat?

It should be possible for each of you to obtain MIRAS relief so long as there are two separate properties, each occupied by the individual mortgagor in such a way that the

property so occupied is his or her main residence.

An empty nest egg

MY PARTNER and I jointly own a house which has been empty for two years. I wish to sell it but my partner does not. Can I ask the partner to pay me my share of the value?

You can insist on a sale pursuant to the provisions of Section 30 of the Law and Property Act 1925, and can insist on being paid your share.

CGT on options

DOES indexation relief on capital gains on quoted shares apply to the period between the grant of an option to acquire a share and its current price at a future date and the exercising of the option?

I was granted the option in 1987 to acquire some shares under an Inland Revenue approved scheme and exercised the option in 1991. I then sold the shares and made a capital gain. The Revenue wish to charge capital gains tax on the difference in price between 1987 and 1991 with no indexation allowance.

The cost of the option ranks for indexation from the month in which the option was granted to the month in which it was exercised. The cost of exercising the option is added to the indexed cost of the option, and the total ranks for indexation from the month in which the option was exercised to the month in which the shares were sold.

If the shares were sold less than ten days after the option was exercised, however, the cost of the option ranks for

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

indexation from the month in which it was granted to the month in which the shares were sold - and there is no indexation relief on the cost of exercising the option.

Ask your tax office for pamphlet CGT13: The indexation allowance for quoted shares.

CORRECTION

AN incorrect reply was given in the item last week headed "Death duty again". It ignored paragraph 2 of schedule 6 to the Inheritance Tax Act 1984.

The correct position as stated in Chapter 7.17 of the Inland Revenue IHT 1 booklet is: "Where estate duty was paid on the death of one spouse on property in which the other was given a limited interest, for example, for life or widowhood or widowhood, the property was usually exempt from estate duty on the death of the survivor. In such a case when the survivor dies, or the interest comes to an end or is disposed of, there will be no charge to IHT on the settled property if it would have been exempt from estate duty on the survivor's death."

IHT would not be payable on the death of the life tenant on the value of the settled fund as described by our reader.

THE CAPITAL PORTFOLIO

A New Private Client-Style Investment from Save & Prosper

Save & Prosper's new Capital Portfolio has at its core an investment concept that has already proved successful. It is the same concept that stockbrokers have provided for their private clients for years. That of simply concentrating on a small number of well known quality shares encompassing a broad enough range of investments to ensure a good spread of risk. In addition, Capital Portfolio gives you the opportunity to talk to the Investment Adviser at an annual investment forum.

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The second, our Directors Portfolio, successfully extended the concept to allow investment for a pension.

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Graham Bell, Managing Director
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The Fund will have probably no more than 25 holdings. Investments will be in established companies with strong earnings potential like ICI, Tate & Lyle, Guinness, Tesco, British Petroleum and British Telecom.

And, of course, with the economy

CAPITAL
portfolio

starting to come out of recession, inflation remaining low and the stock market already showing healthy advances these same blue-chip UK companies should be amongst the first to benefit from the economic uplift. However, as you know, an investment in the stock market can go down as well as up.

Invest now for a 1% introductory discount offer

Starting on 13th June 1992 we are offering investors in new Capital Portfolio a special 1% discount on the offer price of units. An offer worth £50 on the minimum investment of £5,000. There is no maximum investment so, of course, the offer could be worth much more.

But to qualify for the discount, your application must reach Save & Prosper no later than 3rd July 1992.

Don't miss out on this exciting investment opportunity - complete the coupon below or talk to your financial adviser. Or, for more information, or to invest by phone, just use our free Moneyline 0800 282 101. *Source: The WM Company.

Capital gains and indexation

CGT INDEXATION ALLOWANCES: MAY					
Month	1982	1983	1984	1985	1986
January	-	0.688	0.804	0.527	0.447
February	-	0.679	0.597	0.515	0.442
March	0.753	0.676	0.592	0.501	0.440
April	0.719	0.653	0.571	0.470	0.426
May	0.707	0.646	0.566	0.463	0.424
June	0.702	0.642	0.562	0.460	0.424
July	0.701	0.633	0.558	0.463	0.428
August	0.701	0.628	0.549	0.459	0.424
September	0.702	0.619	0.548	0.460	0.417
October	0.693	0.613	0.536	0.457	0.415
November	0.685	0.607	0.532	0.452	0.403
December	0.686	0.603	0.533	0.450	0.398
Month	1987	1988	1989	1990	1991
January	0.393	0.348	0.255	0.166	0.070
February	0.387	0.343	0.246	0.159	0.064
March	0.385	0.338	0.240	0.147	0.060
April	0.388	0.317	0.219	0.114	0.047
May	0.367	0.312	0.211	0.104	0.043
June	0.367	0.307	0.207	0.098	0.039
July	0.368	0.306	0.206	0.099	0.041
August	0.364	0.291	0.203	0.087	0.039
September	0.360	0.285	0.195	0.077	0.035
October	0.354	0.272	0.186	0.068	0.031
November	0.347	0.268	0.178	0.072	0.027
December	0.348	0.263	0.173	0.072	0.027

Source: Inland Revenue

THIS TABLE allows you to work out your capital gains tax liability after indexation for assets sold in May. Multiply the amount of money you paid for the asset by the figure shown for the month in which you bought it. If you then subtract this figure from the amount you received for it on the sale, this will give you your taxable gain or loss.

Suppose that you bought shares for £5,000 in February 1985 and sold them in April 1992 for £14,000. Multiplying the original cost by the February 1985 figure of 0.515 gives a total of £2,575. Subtracting that from £14,000 gives a gain for tax purposes of £11,425 - which is below the 1992-93 £5,800 CGT allowance. If you are selling shares bought before April 6 1982, you should use the March 1982 figure.

The value of the retail prices index, used to calculate many index-linked pension schemes was 139.3 for May (where the index at January 1987 is 100).

THE BUSINESS SECTION

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A terribly English revolution

THE two-week tennis festival that begins on Monday on the lawns of the All England Lawn Tennis and Croquet Club (yes, they still wield the mallet there) will attract crowds approaching 400,000 to watch the best players in the world competing for record prize money of \$4,416,000. The tournament will generate a surplus in excess of £12m for the Lawn Tennis Association, which will be ploughed back into the game, and the tennis will reach a worldwide television audience of 1.5bn.

After 117 years of growth, Wimbledon has become part of England's sporting psyche, as unmistakably English as Royal Ascot, Henley or the Lords Test. In a thoroughly commercial world it is remarkable that the relaxed garden party atmosphere at the Church Road ground has been maintained. How has this delicate balancing act been achieved? Professional amateurism. All the best features of the old traditions have been retained, and skilled professional managers have been introduced to guide the growing business in the best interests of British tennis.

The only commercial pressure at the first championship meeting in 1877 (for gentlemen only; women were not invited to compete until 1884) was to raise enough money to repair the broken pony roller. Play was suspended so that everyone could enjoy their two traditional days at Lord's for the Elton v Harrow cricket match. Some 200 spectators turned up on finals day, each paying two shillings. A profit of £10 ensured that the roller could be repaired.

The referee of that meeting was Dr Henry Jones, the man who had been the moving force behind the introduction of lawn tennis to the All England Croquet Club in 1875. He wrote for The Field, and had persuaded the then editor, J H Walsh, that the magazine should donate a cup, worth 25 guineas, as a prize for the first championship. I wonder what the good doctor would have thought about this year's singles champions, who will collect about £250,000 each.

The importance of Wimbledon to the LTA as the chief source of funds can hardly be overestimated. Ever since the move, in 1922, from the old ground in Worple Road to the

present site, there has been an agreement to pass the full annual surplus from the championships to the governing body. In the pre-war years the surplus was about £30,000. In 1954 this had become £80,445. Ten years later it was still only £57,712. Following the introduction of open tennis in 1968, the revenues rose rapidly. In 1974 the surplus was £87,478; eight years later it passed the £1m mark. By 1986 it had reached £5m; by 1989 it was £7.6m. Last year it was £11.5m.

The tournament has always been alive to the need for change. It was the All England Club which prodded the International Tennis Federation into adopting open tennis by holding a professional tournament on the hallowed lawns in 1967. It may seem unthinkable that the club at the heart of the Establishment could be so revolutionary but this has always been Wimbledon's strength - to do what is right for tennis without losing the precious atmosphere.

Two traditions have been crucial in keeping Wimbledon's feel: the perseverance with grass and the royal connection. Until 1974 three of the four Grand Slam Championships were played on grass courts, with the French Open alone played on their traditional *terre battue*, which we refer to now as clay. In 1975 the US Open at Forest Hills changed from grass to Har-Tru, before moving in 1978 to Flushing Meadows and DecoTurf II, an asphalt surface with a high, fast bounce. In 1986, the Australians moved from grass to Rebound Ace, a hard court which becomes uncomfortably hot in summer. Ever since then, there has been pressure on Wimbledon to change surface.

Yet Wimbledon was wise enough to know the value of being unique. Only at Wimbledon (and at the few lead-up tournaments) can the great players of today compete on the surface on which the giants of the past made their reputations.

Grass courts have always presented a unique test, because the bounce is never quite the same two days running. This calls for adaptability, speed of reflex and speed off the mark. There is no time to think on a grass court, so a player must have fast hand-eye co-ordination and rely on instinctive reaction to get to



Richard Krajicek: the 21-year old Dutchman could provide an obstacle to champion Michael Stich

the ball in time to make a shot without being rushed. Technique, too, is put under the severest pressure, and the swing has to be shortened to cope with the fast bounce. With briefer rallies than on clay or cement, concentration is crucial. One lapse can cost you a match.

The grass courts themselves are part of the mystique of Wimbledon. So are the customs of asking the defending champions to open the Centre Court programme on each of the first two days, the insistence on predominantly white dress, the provision of public picnic areas in Aorangi Park, the daily starts at 2pm on the Centre Court and No.1 Court, the bow to royalty in the Royal Box, the limousine service, and afternoon tea with strawberries and cream. All these little touches have preserved a link with the past. It is a continuity the players respect and enjoy.

Ever since the then Prince of Wales, later George V, visited Wimbledon for the first time in 1907, and consented to become the club's first president, the championships have benefited from the royal connection.

Star status has been a factor ever since Lottie Dod, the Cheshire schoolgirl, won the

first of her five Wimbledon singles titles in 1877 - at 15 years and 285 days old - to become the youngest-ever champion.

Wimbledon soon succumbed to foreign invasion. In 1906 the ladies' singles went overseas for the first time through the success of May Sutton, the US champion. Two years later Norman Brookes, a talented left-hander from Melbourne, carried off the men's title to launch an invasion that would

matching cardigan, won six singles titles with a balletic grace that captivated an admiring audience.

Tilden, a tall commanding figure with a complete repertoire of strokes and the natural showmanship of a film star (he was a keen but poor amateur actor), won three Wimbledon and seven US Championships. In the opinion of his contemporaries Tilden was the greatest player the game had produced.

John Barrett goes behind the ivy to find out how Wimbledon has become the leading tournament in a commercial world without losing its garden party feel

overwhelm the home players. Since the First World War, only one British man and five British women have won the singles at Wimbledon.

The arrival of Suzanne Lenglen, the mercurial Frenchwoman, in 1919, and the arrogant American, "Big" Bill Tilden, a year later, marked a turning point. Through their successes Wimbledon became recognised internationally as the world's greatest championship, a status it has never lost.

Suzanne, an attractive figure in coloured bandeau and

The period up to the Second World War saw revival in British fortunes. Fred Perry's three successes in 1934, 1935 and 1936, together with Dorothy Round's two Wimbledon singles successes in 1934 and 1937, marked the pinnacle of British achievement.

The stars of the post-war era flared brightly but briefly before disappearing into the professional void. Kramer, Trabert, Rodd and Rosewall were names to conjure with before they were swallowed up.

With the arrival of open ten-

nis in 1968 it was inevitable that commercial interests would intrude on what had been a staunchly amateur scene. While other tournaments leapt at the chance to maximise their income by allowing advertising to proliferate around the perimeters of their show courts, the Wimbledon approach was far more subtle. Direct exposure was restricted to a small number of companies - Rolex on the

clocks and scoreboards, Coca-Cola on the drink dispensers, Robinsons on the bottles of Barley Water, Slazenger on the canvas surrounds. This preserved the uncluttered look on all the courts and with fast rising revenues from television, ticket sales, the hire of entertainment marquees, and the merchandising of the Wimbledon name produced the growing surplus.

Britain's standings on the two international ranking lists are at their lowest ever level. While other leading tennis

nations were investing in building new indoor and outdoor clubs, promoting the game against the rival claims of other leisure activities, the British were basking in the growing success of Wimbledon. A succession of great champions enhanced Wimbledon's image. Rod Laver, the greatest player of those years (probably of all time), won two Grand Slams, as an amateur in 1962 and in 1969 as a professional. Margaret Court won the singles three times at Wimbledon as she collected 62 Grand Slam titles. Billie Jean King won her 20th Wimbledon title in 1979, to become the most successful champion. Bjorn Borg won five in a row, proving that basel-

liners could win on grass; Martina Navratilova claimed a ninth singles title in 1990, thus passing Helen Wills Moody's record. These stars made their reputations at Wimbledon. In return, they have maintained Wimbledon as the world's leading tennis tournament.

Perhaps the greatest lesson that Wimbledon has learned is that it must adapt to changing circumstances. Ever since the move to Church Road, the club has protected its interests by purchasing the surrounding land for parking and expansion. The annexation of the former Barkers Sports Ground in 1967 (leased to the New Zealand Club until 1987 and renamed Aorangi Park) allowed the construction of four more courts and the provision of extra space for public restaurants and picnic areas. This helped to preserve the garden party atmosphere.

This year the new, higher Centre Court roof has transformed the appearance of the old stadium. The removal of pillars makes it seem bigger and more modern, as well as providing a perfect view from all 50 or so seats. A self-service cafeteria opens this year - and Radio Wimbledon starts broadcasting.

Yes, change is in the air. But, when it comes down to it, there will be the same sense of expectancy as new names appear on the scoreboard, the same tangle of excitement as the matches move towards their climax, the same sense of occasion as the champions receive their trophies from royal hands.

Whoever they are, these two young athletes will have become part of an enduring tradition. "Wimbledon champions." It doesn't get any better than that.

J B

Golf/John Hopkins

A superstar signs in

WHEN Phil Mickelson turned professional recently, he did so to a roll of drums and a fanfare of trumpets. Not since Jack Nicklaus was a fat, crew cut teenager with a high pitched voice has a young amateur excited the world of golf like Mickelson.

It is not just because he is left handed, good looking in an aw-shucks sort of way and inordinately polite. He refers to Jack Nicklaus and Arnold Palmer as Mr Nicklaus and Mr Palmer. Nor is it that every manufacturer of golf equipment has been after him to sign a contract to use their clubs and every agent has tried to lure him into their stable. It is that on known form he is the most exciting amateur to join the paid ranks since Ben Crenshaw 20 years ago. There is even a suggestion that he is as good as Nicklaus was when he turned pro 30 years ago.

But Nicklaus did not become an instant millionaire the moment he signed as a pro. Mickelson did. He has signed a contract to play Yonex clubs for which he is reported to receive a annual salary of \$500,000 (£394,117) and annual incentive bonuses of the same amount again. This is in addition to a signing bonus of \$1m (£590,000). He was 22 last Tuesday. Some birthday present.

Mickelson began hitting shots when he was 1½ years old. At five he played his first round, accompanying his father. He was so keen he ran between shots. A natural right hander, Mickelson plays golf the other way around because of the way he was taught. He would stand facing his father and copy exactly what his father did.

Last Wednesday Mickelson sat at a dais, three feet above

his questioners, in a room at the US Open. At his feet were America's golf writers. The symbolism was hard to avoid. "I have seen the future and I'm frightened," said one reporter after hearing Mickelson speak. There was none of the cockiness that Nicklaus had at the same age, nor for that matter, much of the tongue-tied, golly-gosh syndrome that other young men demonstrate. Instead, we watched and listened to a young man who has been guided every step of the way these past few years by a coterie of advisers who include Dean Reinmuth, his golf teacher, Steve Loy, the Arizona State University golf coach, and sports psychologist Bob Rotella. He was nervous all right but that's no bad thing. At least he was gracious.

In my memory some players are filed under a section marked memorable stroke or incident. Seve Ballesteros's bunker shot with a three-wood during the 1983 Ryder Cup is one such stroke. The sight of Nicklaus conceding that putt to Tony Jacklin in the 1969 Ryder Cup is another. Mickelson playing a chip to the 15th green during the Walker Cup at Portmarnock last summer is a third.

The hole is praised and feared for its beauty and difficulty. To the right of the green, no more than two yards from the edge of the putting surface, is the beach. The green is elevated. The flag was in the middle of the green. Mickelson's ball had rolled off the putting surface and dribbled down the bank. He needed to loft the ball 12 or 15 feet in the air to get it up the bank and drop it as softly as he could so that it would stop near the flag.

Most other golfers in such a position would have chipped their ball with a straight-faced



A talent to bemuse: Phil Mickelson goes for audacious shots

club, trundling it up the bank. Mickelson thought differently. The moment he pulled a sand wedge out of his bag a frisson of excitement went around the spectators. He was going to flop it onto the green. Peter Alliss was commenting and remembers thinking that such a shot could not be played. "He's an idiot to try it," Alliss thought.

Alliss and the rest of us were confounded when Mickelson's soft swing seemed to do little more than caress the ball. It inscribed a gentle parabola pitched by the flag and halted two feet further on. Having the nerve to consider such a shot was one thing; being able to bring it off quite another. It was clear then that we were watching a man of extraordinary talent. "No one else in the world could have played that shot," said Jim Gabrielson, the

US team captain. "No one."

As they say in soccer circles, Mickelson now "has it all to do." Many young men have turned pro after dazzling amateur careers, one of the most recent being Scott Verplank who won one tournament on the pro tour while he was still an amateur - as did Mickelson. Whether Mickelson, who hit 88 to tie third after the first round of the US Open on Thursday, can succeed where they failed remains to be seen.

"Pressure is something exterior," he said once. "It's what the media put on you, what other people say. A ten-foot putt is a ten-foot putt whether it's for \$100 or \$1. Pressure is something that shouldn't affect you inside."

Brave, bold words. One hopes they do not come back to haunt this likeable young man. Golf needs him.

Cricket/Teresa McLean

Sussex seek spin to success

SUSSEX have never won the county championship. Back in the days before the championship as we know it, Sussex were declared "champions of the south" by the senior cricket year books, Wisden and Cricketers' Companion. That was in 1871, when Sussex were already established as one of the "celebrated counties", along with Surrey, Kent, Yorkshire and Nottinghamshire.

But celebration has never led Sussex quite as far as first place. Not in the county championship, anyway, although Sussex sometimes do better in one-day contests. They did not distinguish themselves in one-day last year, but they look back cheerfully to the way they won the first one-day contest ever held in Britain, the 1963 Gillette Cup, against all expectations.

Sussex have always been a county of surprises. They are a quixotic crew. Only with Sussex could C.B. Fry, world record long-jumper, England cricket captain, footballer, wit and scholar, man who was offered the throne of Albania, have blossomed in all his eccentric splendour. The county retains its capacity for the unexpected and when Paul Parker was relieved of the captaincy and signed for Durham last season, after 17 happy years with Sussex, he generously declared that he expected Sussex to win a trophy within two years.

It is possible. Breakthroughs are permanently possible at Sussex. It is greatly to the county's credit that they appointed a youth development officer last November, to organise local talent into a breakthrough squad for years to come. "It was expensive but it was worth it," said the Sussex coach, Norman Gifford, placidly watching his team being pulverised by Leicestershire last Friday and Saturday (Sussex 171 and 103; Leics. 251

and 24 for 0), before beating Leicestershire easily in the Sunday game. "We're investing in the future and the future lies in producing your own players."

A noble policy, consistent with Sussex's recent hard work on their second XI, a good number of whom are Sussex born and bred. While the first XI got the wooden spoon in 1990, the second XI were top of the Rapid Cricketing second XI championship. They fell to seventh place last year, partly because some of their best young players, such as Bradleigh Donelan, an off-spinner with a fast, flat and most effective arm action, became regu-

lary forces, a partnership in complementary spin, hungry for blood. The emancipation of spin bowling has been one of the delights of this summer's cricket and Sussex, under Gifford's benign patronage, are in the forefront.

For those of us brought up on the glamorous batting of Ted Dexter, the Nawab of Ferozpur and Imran Khan, it is strange to find Sussex's weakness today seeming to be with bat rather than ball. Although they pulled themselves up from last to 11th place last year, none of their batsmen, except Alan Wells, did himself justice.

The Wells family are one of

'It is strange to find Sussex's weakness today seeming to be with bat rather than ball'

lars in the first team. They must mature on the job. "It takes time. You have to allow time for these young players to find their feet and get used to first class matches."

Gifford spoke between puffs on his pipe, thoughtfully and certainly. He positively oozes patience and encouragement for the up-and-coming players in whom he places his trust; whether he has the hard edge to push them past their problems must be doubtful, but he recognises that problems exist. "We've played better. We must do better than this, we can and I think we will."

Players who have caught the eye include: Martin Speight, batsman (1991: batting average of 39); Peter Moores, wicket-keeper and batsman (1991: 56 catches and six stumpings); Ian Salisbury, leg-spinner (1991: 48 wickets); Donelan, off-spinner (1991: 34 wickets and batting average of 35).

These last two make that most rare and dangerous of

the family dynasties that have long been a feature of Sussex cricket and Alan, a native of Newhaven, was helped by strong local support in his difficult task of taking over the captaincy from Parker before the end of the season. His batting blossomed and he managed calmly and well. Neil Lenham, a member of the old Lenham dynasty from Worthing, also batted well. With David Smith, he made a good but not inspired opening pair. Alan Wells' all-rounder brother, Colin, was hampered by injury; Jamie Hall and Speight were slightly disappointing; and Franklin Stephenson, this year's newly-acquired all-rounder from Nottinghamshire, owes Sussex a few runs.

Stephenson was a brave choice because Sussex had to get rid of Tony Dodemaide, the Australian all-rounder who had served them well for three years, to make room. They have an unhappy reputation

for getting rid of all their best players, but they were clear about their reason for removing Dodemaide: they wanted a strike bowler to rip out wickets, not a good, steady bowler who takes wickets without terrifying the opposition.

Success is always unpredictable at Sussex, which is a county of individuals, of hit-and-miss achievements. They have made themselves fast and furious fielders, but that is not enough and they are in danger of remaining always on the brink of doing well without ever doing it.

Their more experienced contingent needs to work more closely with the young players and Gifford believes Wells's leadership and Salisbury's move into Test match circles will help this happen. "It inspires the young players to see one of them making his way up through the system like Salisbury. They start to believe everything is possible. We'll raise him but it's a lovely thing for us."

Lovely things have been thin on the ground at Sussex in the last few years, but the club's members are "a loyal lot," who seem to be finding this year's mixed fortunes entertaining. Whatever else it is, cricket at Sussex is seldom dull. It is talented, needing only organisation and confidence before it comes into its own.

Sussex no longer play on the windswept old racecourse ground at Hastings, "beautifully embosomed with hills" (The Field, August 1889), but Hove and Eastbourne remain capitals of the county's seaside cricket and the enjoyment that has always graced it.

There can be no better way of describing this modern county cricket ideal than Gifford's: "What we want in Sussex is the happy medium between hungriest to win, such as Essex and Middlesex have, and the love of club traditions."

TRAVEL

It was a dark and stormy night... in Camelot

"BUENOS DIAS!" There was a rattle at the door, a key turned, a floorboard creaked by my bedside.

"Buenos dias!" it came again, a cheerful, determined voice. A cup of tea was set on the bedside table. "Eight o'clock, morning tea. Breakfast in 30 minutes precisely. Hasta la vista!" The voice retreated, the door closed.

I focused on the ceiling. I was not, so far as I knew, in Spain, but Cornwall. This was not Fawley Towers but a bed-and-breakfast called Dunoon. The man bringing tea was not Manuel, but David Castle, Cornishman, retired military man, and the proprietor of Dunoon.

Outside, the wind alternately sighed and screamed in the telephone wires. Seagulls cried faintly. Far below the house, at the bottom of the cliffs, sea waves crashed against the rocks. I drifted back to sleep, for 30 minutes precisely.

"Ocho y media! Ocho y media!" A terrific din broke out at the bottom of the stairs. David Castle was vigorously swinging a large bell. "Eight thirty!" he shouted up. "Breakfast is on the table!" Like a new recruit I swung into my trousers, fumbled my way into shoes and shirt, and tumbled down the stairs.

isolation is the whole point of going to a place like Port Isaac. There are few spots left on the English coast, especially in the vacationland of the south-west, that have not been overrun by tourist mobs, seafront amusement arcades and sticks of rock. Your chances of stumbling across a quaint Cornish fishing village are about as good as getting an authentic Cornish pasty from a dispensing machine at a motorway snack bar. Both exist, both are almost impossible to find.

But Port Isaac is about as close to the ideal as you can come these days. Here on the rugged North Cornwall coast, a 40-minute drive around the Camel estuary from Padstow, topography and a local conservation order have saved Port Isaac from over-development. There is no coastal road along this shore, for unlike other parts of Cornwall there are few sheltered harbours.

Nicholas Woodworth goes in search of the archetypal Cornish fishing village

sandy beaches or means of access to the sea. Precipitous 200-ft cliffs range the shoreline; sturdy sheep, occasional cliff-path walkers and the odd tractor are the only company you will run across.

July and August see an influx of summer tourists to Port Isaac, but even that has its limits. Built into a rocky, high-sided inlet, the village and everything about it is steep and tiny. Seventeenth-century slate and stone houses built on different levels cluster round a miniature walled harbour. Crooked lanes tail away into stepped footpaths. With many streets barely 6 ft wide, parking near the port is impossible except in the harbour-door "tidal parking lot" - an option with nasty consequences for all but the shortest of short-term holiday-makers.

If topography is one limitation to tourism, so is weather. This is one of the windiest places in Britain - so windy, in fact, that the country's first electricity-generating wind-

farm, a futuristic vision of vast, winged turbines, sits not far inland. An ever-present, inescapable element, the wind batters the cliffs, deforms bushes into ragged, lopsided shapes, and brings in ocean storms with lightning speed. But for those who like the wilder, more unpredictable side of nature, cliff, sea, wind and storm all make for a grand show.

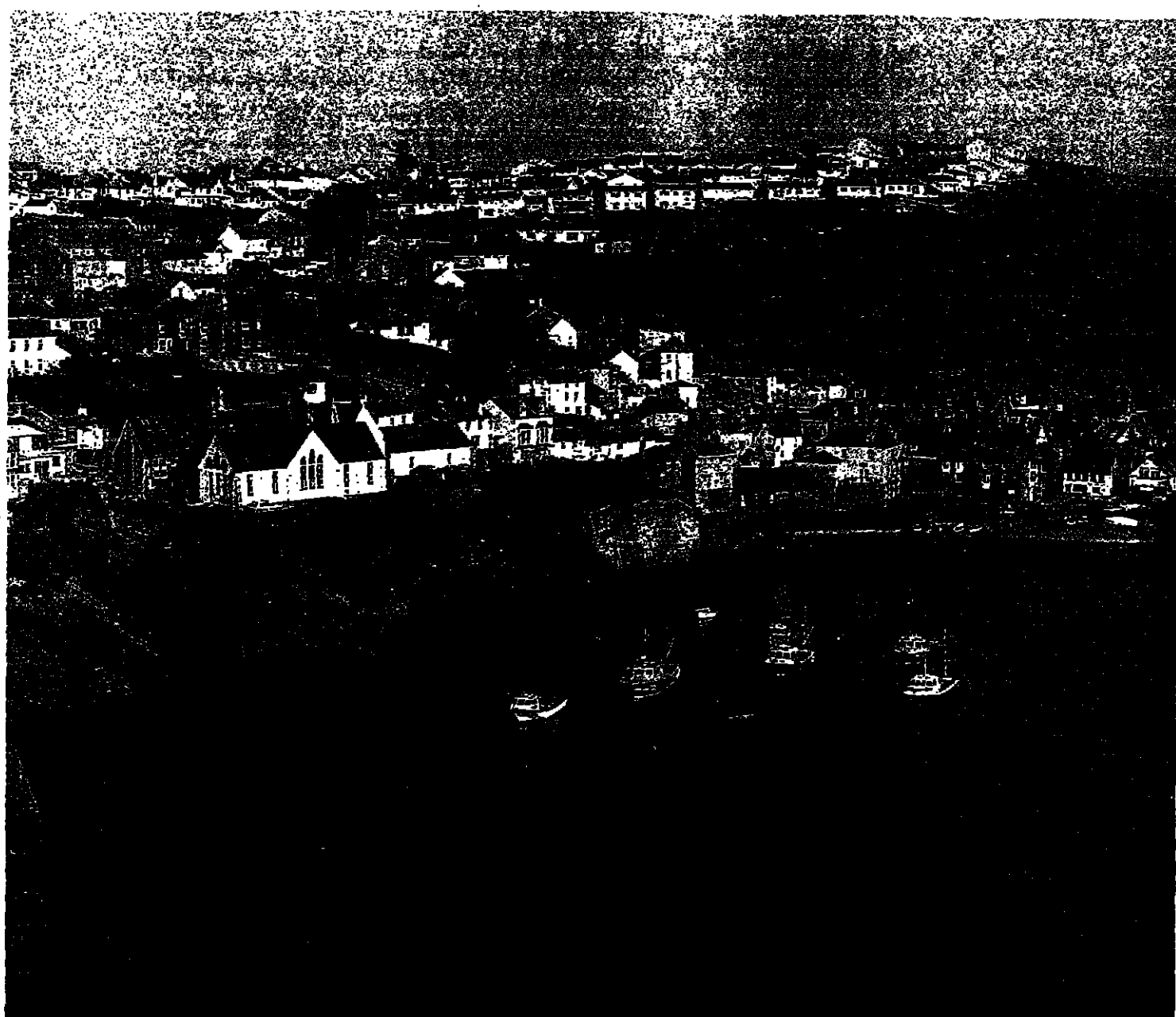
I began not with a natural, but a human show. After breakfast I set off in a blustery wind for Tintagel - better known to lovers of Arthurian legend as Camelot - half-an-hour away by car.

Although there is not much left of the castle at Tintagel, its site is romantic enough. Perched high over the roaring sea on a headland connected to the shore by the thin neck of rock, it is a wild place where, among crags and ruins, one can imagine Arthur and his knights gathered at the Round Table.

Unfortunately, not a scrap of evidence exists to show that King Arthur ever set foot in the place. If it was the 12th-century Geoffrey of Monmouth who invented the famous legends several hundred years after Arthur was supposed to have lived, and Thomas Mallory who popularised them some 300 years after that, it was a visit to Tintagel by Tennyson, and his subsequent *Morte d'Arthur*, that linked this place to the myth.

More unfortunately still, the Round Table in Tintagel these days is not a round table at all, but a bandwagon. The town's King Arthur's Hall of Chivalry is only the beginning of it. As I walked back from the castle to my car, I passed just a few of the establishments cashing in on the legend: King Arthur's Bookshop, King Arthur's Café, the Pendragon Gallery, Merlin's Gift Shop, the King Arthur's Arms. If there is a Chinese laundry in Tintagel, it probably has an Arthurian name.

Very different was a long cliff walk the next day around Pentire Point and along the Camel river estuary to the Padstow ferry. It is a hike that took me through some of the most colourful, and this time authentic, chapters of Cornish tradition.



Port Isaac: built into a rocky, high-sided inlet, the village and everything about it is steep and tiny

This was once one of the most dangerous coasts in England. From St Ives Bay to the Devon border extends a rocky, exposed shore which, for more than 80 miles, has no safe harbour where ships could run in rough weather. Sailing vessels were wrecked along here by the hundreds, and the Cornish population developed as fearsome a reputation for "wrecking" as its reputation for "smuggling". Wreckers were opportunists who, from the cliffs, would follow a ship in trouble until it foundered and was driven ashore, then strip it of everything from cargo to cabin doors.

There are many dark tales of wreckers deliberately luring ships to destruction. On stormy nights, it

is said, they would tie a lamp to a cow's tail and send it wandering off along the cliffs. Swinging to and fro like a ship's masthead light, it would draw vessels and their crews to certain death.

Padstow Bay and the mouth of the Camel estuary would appear to be one of the few safe havens along this coast, but in fact it was one of the most dangerous traps of all. This is the site of the dreaded Doom Bar, a broad expanse of sand stretching across the estuary mouth, through which only one narrow deepwater channel existed. If the name of that worthy organisation, the Padstow Harbour Association for the Preservation of Life and Property from Shipwreck, was

somewhat long and awkward for use in split-second emergencies, it was none the less successful in rescuing many a mariner from a watery end on the Doom Bar.

I saw no wrecks on the day I walked along the sands at low tide, just the wind-whipped little church of Saint Enodoc, where John Betjeman is buried, and scores of bright orange and yellow wind-surfers making spectacular leaps over the waves of Padstow Bay. While the town of Padstow may no longer have to save vast numbers of sailors, it continues an equally admirable service; at Granny's Pasty Shop near the waterfront it makes a pasty that any Cornishman would be proud of.

The most pleasurable part of a stay in Port Isaac, though, is simply spending time around Port Isaac itself. Not even dirty weather detracts from the atmosphere; it adds to it. Down at the tiny harbour, locals stand about staked lobster pots in the drizzle, talking fish. In the Port Isaac fisherman's co-op you can take refuge from spring gales and buy some of the finest cooked crabs around. In the Golden Lion on wet and foggy Saturday nights you can sip a pint and listen to wildly Celtic fiddle-playing. And on the hill at a wind-battered house called Dunoon, of course, you can practise your Spanish with a man who would give it all up, just for a bit of sunshine.

Walk in a dry landscape

Michael J Woods finds life teeming in rocky Andalusia

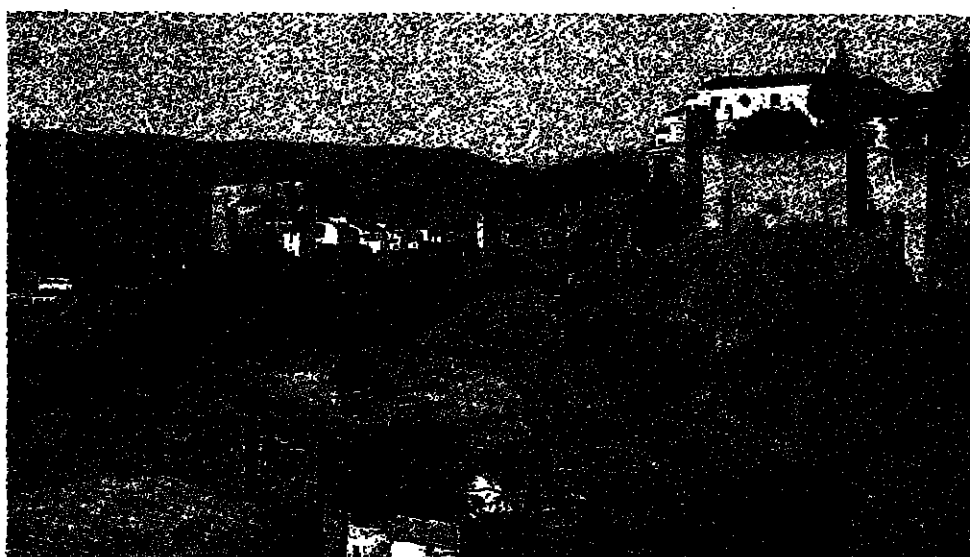
IT COULD have been Devon. The hillsides dropped abruptly to the river below and the oaks clung to the slope. But these trees were different, their lower trunks naked like the smooth tanned legs of girls in tweedy shorts. The reason for this was that their cork bark had been harvested to stopper a million wine bottles.

We wandered down to the river below, although there was no water running in its stony bed at this end of summer, and came to rest among red-flowered oleanders. Here our host, Hugh Arbuthnot, unloaded cake, *fino* and homemade lemonade from one of the pack mules and distributed

generous portions as we lounged in the shade.

Our short walk through the sierras of Andalusia proved to be a holiday for sybarites. We started near Gaucin and finished at Ronda. In between came gentle strolls through beautiful countryside from one relaxing stop to the next.

Sometimes Jane, Hugh's wife, would be there to meet us with rationed of ice-cool apple juice or a basket of grapes. At others we relied on supplies carried in the panniers, or called at a farm and sat in the cool shadows of a spotless kitchen sipping drinks chilled by solar-powered refrigerator. The Arbuthnots have established a remarkably well-



Ronda: a good place to finish an Andalusian safari

organised and comfortable walking safari in this corner of Spain. Under the surface is a carefully laid machine run with a precision that reflects Hugh's military past.

Perhaps the most obvious due to his attention to detail is the colour-coded tape which appears on your luggage on the

first day and which ensures that you never have to lift it again. Cases and bags disappear from your room after you leave and are already waiting by your bed when you arrive at your night's destination.

Much of the cooking is done by Jane. At their farm, La Almuna, from where the walk begins, she grows fresh vegetables and herbs for their guests. Excellent local dishes are served on tables spread with white linen under shady trees.

The centrepiece of the week is the time spent in an African-style safari camp which uses large ridge tents imported from Kenya, big enough to house two duvet-covered single beds. The tents have been extended by Hugh to include a bathroom with hot shower. A ring of a sheep's bell brings staff bearing warm water to fill the shower container through a gap in the roof.

Probably the most exciting day's walk took us over a pass and into the Parque Natural de la Sierra. Although the initial climb was rather stiff, there were donkeys for those who needed help. When you crest the rise a limestone landscape of clints and grikes stretches away between the grey flanks of higher mountains. The water-worn fins of rock look as though they have been drawn up like clay between fingers, leaving small ridges behind.

The rock is pink blushed or subtly greyed with lichens like a delicately made-up face. In crevices inaccessible to the ubiquitous goats we found tiny ferns and the purple petals of autumn crocuses. Blue-winged grasshoppers flitted before our feet, a praying mantis buzzed past, a black spider scurried away; we even experienced a frisson of excitement when encountering a small scorpion. Overhead, a griffon vulture

was visible in the bright sunlight, spiralling in a generous gyre. Its wings were finger-feathered and broad - "like a tea-tray in the sky," as the field-guide put it.

We came down from the mountains to a golden valley, the Llano de Libar, sprinkled with chestnut Andalusian cattle and well-fleshed horses, as if we had stumbled on to the set of *Rancho*.

The only person we saw was a Spaniard with a luxuriant moustache, carrying a lamb on his shoulders. Fluttering black redstarts chattered from the shade as we squinted up at a mewing buzzard during our post-picnic rest.

Like the other *pueblo blanco* in the area, Ronda is stunningly white, too bright to look at around mid-day, and is strung out along the lip of a honey-coloured cliff. Its narrow streets and shady gardens are a delight, but the poisonous River Guadalevin which runs - grey, murky, foaming - under its famous bridge, emits a noxious stink that permeates the town. Ronda redeemed itself by offering wonderful views of a couple of peregrine falcons perched near the cliff-top within yards of the hotel garden. These, too, reminded me of Devon, but in England I have never seen them so closely nor watched them for so long.

The Andalusian safari run by Hugh and Jane Arbuthnot is offered by Abercrombie & Kent (071-730-9600). Uphill stretches can be steep but the walking overall is not hard. Whenever possible, activity takes place during the cooler times of day. For this reason, safaris are not run during the second half of July or in August.

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FOOD AND DRINK

A supersaver's Cotswold delight

Nicholas Lander pops down to Gloucestershire for lunch

THE JOURNEY to the restaurant cost me \$9, the cost today of a taxi ride across central London. Instead, it was the 10.05 British Rail supersaver from Paddington which took me through 100 miles of English town and country and deposited me at 11.30, just in time for an aperitif, at Moreton-in-Marsh, Gloucestershire.

A brisk five-minute walk from the station and I was in the high street, a broad, tree-lined avenue which must have been a glorious sight in its heyday. Today, sadly, it is an incongruous mixture. At one end, in Cotswold stone, is the only inviting police station I have seen, but it faces a supermarket and an ugly complex of retirement homes. The rest of the high street contains antique shops, tea rooms, pubs, hotels, and two fish and chip shops.

On a corner is the Marsh Goose restaurant and food shop, which opened in November 1990. It has three owners: Gordon Campbell-Grey, Leo Brooke-Little and Sonya Kidney, the chef.

When I asked her whether a relatively small restaurant with three owners was not a recipe for disaster, she said they had all worked together for four years at the Feathers Hotel in Woodstock, Oxfordshire, and that,

anyway, Campbell-Grey lives in New York. He checks on his investment with a weekly telephone call.

The Marsh Goose could almost be a village corner shop - you have to lower your head as you walk in, and there are piles of food here, cases of wine there - except for the quality of produce on offer: half-pints of home-made soup, a variety of pâtés and terrines, excellent lightly-cured gravadlax and some delicious breads and croissants, as well as biscuits and cakes from the kitchen's pastry section.

The £100,000 the partners have invested has been spent more noticeably on the restaurant next door. Skylights allow natural light into almost all of the building. Square, purpose-made dining tables with upright, padded chairs provide an air of comfort and elegance. The atmosphere and the food in the restaurant are distinctive, too. This is partly because of the partners' good taste, and partly because Kidney, 38, and Brooke-Little, 26, have not worked in very many other restaurants before. Indeed, Brooke-Little's only job before the Feathers was on a building site. Thus both have felt free to break the rules.

Front of house at the Marsh Goose, this manifests itself in three ways. First, the dining tables are not pre-set

with cutlery - they are "laid up" only after your order is taken - which gives them an uncluttered look. Second, the waiters wear eye-catching bow ties (modelled on one worn by a guest to the opening).

Third, the partners realised from their time at the Feathers just how critical the pricing of their menu would be, particularly at lunchtime. That menu, therefore, begins with a list of starters and light meals from £2 to £5.50, then a main course salad (£7.50) and, finally, a range of the more obvious hot main courses at £8-£10. This, together with a no-minimum-charge policy, has attracted more women and visitors at lunchtime, and caused the restaurant to rely less on local businessmen.

None of these thoughtful policies could have borne fruit without Kidney's obvious talents. Born in Barbados, she went to catering college in Wales and then to a succession of hotels and restaurants around England, including a stint at Sharrow Bay in the Lake District.

Her style is simple and direct. A smoked trout mousse wrapped in smoked salmon was rich and creamy but lightened by a well-dressed salad. A fillet of brill was cooked with top-quality saffron. And what could have been a sharp, iced, rhubarb terrine



Sonya Kidney, chef and partner at the Marsh Goose

was sweetened by some delicious ginger shortbread.

I caught the train back to London, after an excellent meal, with some gravadlax in my bag for a more abstemious lunch the next day. My strongest memory, however, will be of looking through the kitchen door,

watching a happy Sonya Kidney at work with an inspirational glass of mineral water at her side.

■ The Marsh Goose, High Street, Moreton-in-Marsh, Gloucestershire GL56 0AX. Tel: 0608-52111. Closed Sunday evening and Monday. Access and Visa.

Cookery / Philippa Davenport

Pleasures of the English summer table

HOLIDAYING in Herefordshire and Worcestershire, I was struck by the beauty of the scenery and the charm of the small towns - particularly Tenbury Wells and, just over the Shropshire border, Ludlow. The pleasures of the table were also considerable.

Hereford is famous for its beef. There are fine cheese-makers to be found in the surrounding area, good flour mills and bakers, and apple juices, cider and perry made from the fruits of local orchards. Soft fruit and vegetable growers are also plentiful, many organic.

One of the things we enjoyed most was meat from a small, Q Guild family butcher's shop, which has been buying on the hoof, slaughtering and butchering, for 90 years: T H Checketts, of Ombersley, nr. Droitwich, tel: 0506-620284.

Tony Checkett hangs his meat properly and shares my belief that heifer eats better than steer. The staff in his shop are young, friendly and knowledgeable. The forbear of

and time seems to stand still. The house, with its minaret towers, arches and walled courtyards (one with a quince tree, the other with spring water trickling from a scallop shell into a small pool), lies in a cup of lovely parkland.

Patricia Hegarty's family have lived thereabouts for 600 years. Her cooking is firmly based on using the produce of the area and in particular on the offerings of the garden, where her husband, John, grows fruits, vegetables and herbs in the traditional way.

As a result, the menus feature seasonal treats such as sea-kale, ruby chard, salsify, cardoons, butternut squash, celeriac, kale, morrisons, whitecurrants, mulberries and many old varieties of apple and pear, including Black Worcester pear, recorded in the area in the 16th century, still displayed in the city's coat of arms.

ARTICHOKE & CRAYFISH (or LOBSTER) FLAN (serves 8)

Patricia Hegarty uses her own home-made curd cheese for this, and artichokes grown in the walled garden at Hope End. Saltwater crayfish is also known as crawfish, spiny lobster or langoustine. It is not the same thing as freshwater crayfish.

For the pastry: 3 oz of 100 per cent wholemeal flour; 2 oz unsalted butter; 1 tablespoon finely grated Parmesan or Cheddar cheese; up to 2 tablespoons cold water to bind.

For the filling: 6 medium sized globe artichokes; 1 freshly cooked saltwater crayfish or lobster; 3 large eggs; ½ lb curd cheese; a little finely grated Parmesan or Cheddar cheese (optional).

Make the pastry in a food processor or electric mixer, and let it rest for at least 20 minutes. Roll it out very thinly on a cold floured surface, use it to line a 9 inch flan tin with a removable base, and blind bake.

Boil the artichokes for 45 minutes. Take them apart. Save the fleshiest "petals" to decorate the finished dish, discard the chokes and chop the artichoke bottoms into ¼ inch dice. Cut the crayfish or lobster meat into pieces of the same size.

Scatter both ingredients over the base of the pastry case. Beat the curd cheese with the eggs and season with sea salt and black pepper. Spoon the mixture over the shellfish and artichokes. A little grated cheese on top is nice too.

Bake at 350°F (180°C) gas mark 4 for 20-30 minutes until set. Serve warm or cold, surrounded by the reserved artichoke petals, with the green herb dressing to spoon over the flan, and a salad of buttercrunch lettuce and blanched courgette slices on the side.

GREEN HERB DRESSING ½ pt green virgin olive oil; 1 oz elder vinegar; 1 tsp Dijon mustard (optional); basil or tarragon.

Mix the oil and vinegar with sea salt and mustard. Whisk in the chopped herbs at the last moment.

BUTTERCRUNCH AND COURGETTE SALAD

1 Buttercrunch lettuce; 6 young courgettes about 4 inches long; a little lemon juice or sweet marjoram; sunflower seeds or toasted sesame seeds.

Cut the courgettes into one-eighth inch slices. Blanch them for 1 minute in a little boiling water. Drain quickly, refresh in cold water and pat dry.

Break the lettuce leaves into large bite-size pieces, mix gently with the remaining ingredients and dress just before serving.

Appetisers

Time to bag a bagel

LEGEND has it that in 1893 a Viennese baker, honouring the king of Poland, created a quirky roll to resemble a stirrup because the monarch's favourite pastime was riding (bagel comes from the German *Bagel*, for stirrup).

Bagels became very popular in Poland, where they were given as gifts to women in childbirth (and by mothers to their children as nutritious teething rings). They were sold on strings in Russian towns, and were said to bring good luck and to have magical powers. Jewish immigrants fleeing persecution in eastern Europe introduced the bagel to the US where it is now part of the food culture.

Bagels are also big business in the UK. Eaten by the Jewish and east London communities for years, they were bought from small local shops, or from pushcarts on the streets. They were made by hand and eaten warm. You can still buy these from Bagel Bake at 159 Brick Lane, London E1. The bakery is open seven days a week, 24 hours a day (except Jewish holidays); it is worth the journey.

Elsewhere in Britain, the New York Bagel Company has brought its products to supermarkets. Tesco, Sainsbury, Safeway, Selfridges

and Boots stock them, at 83p for a pack of four, and they come plain or with onion, cinnamon and raisin, garlic, or topped with sesame seeds or poppy seeds.

I have eaten them sliced, buttered, toasted or warmed with and without various fillings, but I still prefer the plain bagel filled with the American way with pastrami and cream cheese.

If you work in the Docklands area of London, head for the Hot Bagel Shop at 4 South Quay Plaza, Marsh Wall, Isle of Dogs, E14, which sells very special filled bagels from only £1.

Cuban and Philippino cuisine will be featured at festivals planned for later in the year in the St James Court Hotel, Buckingham Gate, Westminster, London. (Tel: 071-834-6655. Fax: 071-832-5302).

Cubana Airlines will be flying two chefs to London to prepare authentic Cuban lunch and dinner menus, from September 14-25. The Philippine Festival will take place between November 9 and 20. On both occasions three-course lunches will be available at around £15 and dinner menus at £18.

AS A BOY I encountered fish and chips twice a week. On Tuesday evenings, after cub scouts, at least 20 of us would invade the local chippy. On Fridays my comic would arrive, containing the latest episode in the life of Alf Tupper, the long-distance runner who vanquished all-comers on a diet of fish and chips.

I never fell for the life-enhancing properties of this wonderful combination, but I have never forgotten just how satisfying good fish and chips can be. I have eaten them everywhere, from fairly sublime locations (on a beach near Sydney, in a garden in Auckland, even a romantic fish and chip lunch in England at the Flora Tea Rooms in Dunwich, Suffolk) to the more mundane repeat eaten before or after the cinema.

I have developed tastes for more sophisticated fish and chips. At The Square, London SW1 (tel: 071-838-8787) I recently ate a very good rendition rechristened "crusted turbot on a bed of creamed potatoes" and, at the occasional cocktail party, I have enjoyed a tiny portion of fish and chips served inside a miniature FT.

But these more sophisticated dishes only highlight why fish and chips work so well together.

When the fish is fresh, its taste (even that of the humble cod or plaice) is so delicate that it can easily be overpowered. Potatoes, simply cooked, are the perfect accompaniment. One of England's finest fish chefs, Richard Stein, of The Seafood Restaurant in Padstow, Cornwall, acknowledges this in his book *English Seafood Cookery* (Penguin £7.99), and simultaneously gives a recipe for coq d'or potatoes - thickly sliced potatoes covered in chicken stock and baked in the oven, a most delicious accompaniment to fish. Convenience is almost as compelling a reason as taste

Street food

Alf Tupper's FT treat



Alf and Luke Brady at their Wandsworth fish shop

for visiting a good fish and chip shop. A brief spell in the kitchens of Brady's, a fish restaurant in Wandsworth, south London, convinced me just how hot, sticky and potentially dangerous this relatively simple cooking process can be.

In front of two fryers con-

taining vegetable oil at 375°F - most chip shops now use good quality vegetable oil rather than animal fats - you must skin and bone all your fish (that is how most customers like it).

For the chips you must secure a reliable supply of

Maris Piper potatoes - according to Luke Brady those grown in Essex are far more suitable for the fryer than ones from Scotland. Put them through a mechanical peeler, rinse them twice, cut them mechanically, rinse them twice again and then blanch for 60 seconds in hot oil - making sure the temperature does not drop (the biggest cause of soggy chips). Preparing two 55lb bags, enough for 70-80 customers, will take three to four hours.

To cook the fish, dip both sides in what the trade calls "horsehoof", ground up rice husks, then in a flour and water batter. Cook it in the oil for 3-4 minutes. The chips need less time but must be drained before being served.

The final ingredient, mushy peas, might not be to everyone's taste but they are still popular and any chippy's most profitable line. A 25lb sack of marrowfat peas costs £4 but will generate 200 portions at 60p each, having been soaked overnight, cooked in sugar and salt with the assistance of cooking tablets which help to break the peas down.

Behind the counter, it was the smell from the continuous frying that I was not prepared for. According to Luke Brady, you grow accustomed to it although you need to change your clothes after every service.

But it will take more than that to put me off fish and chips. Only if a really soggy version, wrapped in one of my articles, were served to me would I consider transferring my allegiance.

Among the best fish and chip shops and restaurants in London are: Nautilus, NW6; Sea Shell, NW1; Bradys SW18; Geale's W8; Seafish SW1; Maxwell's of Ealing, NW3; Harry Ramsden's, Heathrow Airport Terminal 1 and in Gulseley, Yorkshire (0943-974641).

Double Gloucester from full cream unpasteurised milk, and the lesser-known, fresher tasting Single Gloucester, which I like even better, which is saying quite a lot.

The cheeses can be ordered by telephone and sent by post, or can be collected from the farm - which gives you the chance to see the lovely old cheese presses in the dairy, and to choose your own cheese from the cool of the cheese store.

One of the most enchanted spots in Herefordshire is the nine-bedroomed Hope End Hotel, near Ledbury (tel: 0681-9613 fax: 0681-9697), where Elizabeth Barrett Browning spent many of her young days.

The elegant, flowery Tocal 1891 that I tasted would, he said, be better after two years, and I agreed.

I also sampled the typical but not aggressive Sauvignon 1891, with lots of flavour, and a delicious Pinot Blanc, from 1990 which contained 35 per cent Chardonnay and showed it on the bouquet. A 1990 Cabernet-Franc, just bottled, was closed but a Merlot '87, very light in colour, had a real "claret" nose - a light wine to drink, for the Collio reds are not for keeping.

Wine / Edmund Penning Rowsell

An Italian pioneer

able, expensive Gavi. However, 25 years ago Collio wines were almost unknown outside Friuli and were not at all special then.

Much of the initiative for improvement is generally attributed to Mario Schiopetto, a man born in Udine, who studied engineering in the 1950s but did not finish the course. Instead, Schiopetto says, he drove trucks all over Europe and played rugby.

In the early 1960s he opened an *osteria* in Udine. The only wines available for sale were just plain rosso and bianco of undisclosed origin. If any were varietal this was not advertised.

However, Schiopetto visited vineyards in France and Germany, and in 1964 he began traditional vinification methods by leasing 16 ha, which he acquired in 1968, from the Archbishop of Gorizia in the leading wine commune of Capriva. He said he used German techniques and French finesse on Italian grapes, and produced most of the wide range of white wines common in Collio, including Tocai, Sauvignon, Pinot Grigio, Malvasia and Ribolla Gialla.

He sold these in his *osteria* to those who liked what he described as natural wine, not sugar, not excessively high in alcohol nor blended with wines from other regions. He took his wines to exhibitions in Bologna, Milan and elsewhere, where he won gold medals between 1967 and 1969.

In 1969 he sold his *osteria* in order to concentrate on wine production. He wrote letters to professional men in Bologna, Milan and Turin, and took wine samples in a cold box to those who responded. This helped him introduce his wine to restaurants, where supplies had always to be dominated by the big concerns. But his well-off private customers started to ask there for his

wine. Since 1976 he has started using French *barriques* to ferment his wine - but only for red wines.

He, like most of the other leading Collio growers, is against oak *barriques* for the local whites, which have good varietal qualities, because oak produces tannins that are not natural, and change a wine's character.

This was echoed by another leading producer, Piuattini, whose wines are available from Wine Cellars, 153-155 Wandsworth High Street, London SW18. (Tel: 081-871-3979/3970). Piuattini says that oak "standardises" the wines. He puts 30 per cent of his red wines (made from Merlot Cabernet) into *barriques* for one year; they are bottled after almost three, and the whites after six months.

Ninety per cent of Schiopetto's wines are sold to restaurants all over Italy. His latest vintage was sold out by January at the fairly high price of 12,500 lire (\$9) a bottle. His production averaged 140,000 bottles.

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HOW TO SPEND IT

New worshippers for Japan's Muji cult

JUST about a year ago a strange concept arrived in this country from Japan - a selection of clothes and household products that were almost monotonically simple. They were sold by the "no brand goods" Muji shop, at 26 Great Marlborough Street, London W1. Although in Japan Muji had become something of a cult, with some 221 shops spread throughout the country, in the UK they were almost unknown.

Based on the notion that there must be a demand for well-made, well-designed simple clothing and household products, and that it was not always necessary to have a high-profile label and a glitzy front to appear desirable, the shops, home in on a kind of sophisticated simplicity that was a refreshing change from the "look-at-me" excesses of the 1980s.

In the UK, the first shop, the product of a joint venture between Ryōin Kikaku and Liberty, echoed faithfully the philosophy of the Japanese model. Austere, rusty (but purposefully so) metal shelves displayed the clothing made from mainly natural materials and the small range of essential household products and stationery accessories. Clothes were primarily those that were meant to be worn and used and not just to adorn. Household products were functional, often of traditional design.

Now that simplicity and an air of elegant austerity have become fashionable, it is not surprising to learn that the

first shop has prospered. The matt-black yuppie crowd, which once went in for lots of gleaming steel and instantly recognisable labels, took to its changes as they embraced their changed status in the 1990s. They went for the stationery and storage boxes in particular while the Muji T-shirt, dead plain in white or grey, with all the proportions just so, goes on selling and selling at £8.95 a go. So successful has it been that, yesterday, a second, much-enlarged, lighter, brighter Muji opened in London's Covent

infringed and fascinated. The Muji bike certainly looks good - simple, minimalist, streamlined, practical. It is the sort of bike that appeals to the designer brigade - it speaks of a love of clean, understated, unadorned aesthetics. The price of these aesthetics, it has to be made clear, is dear - the bike costs £550. There are probably plenty of people who prefer to broach their bicycle-buying from a more practical standpoint - like, what is it like to ride? Who better to ask than bicycle fan Max Wilkin-

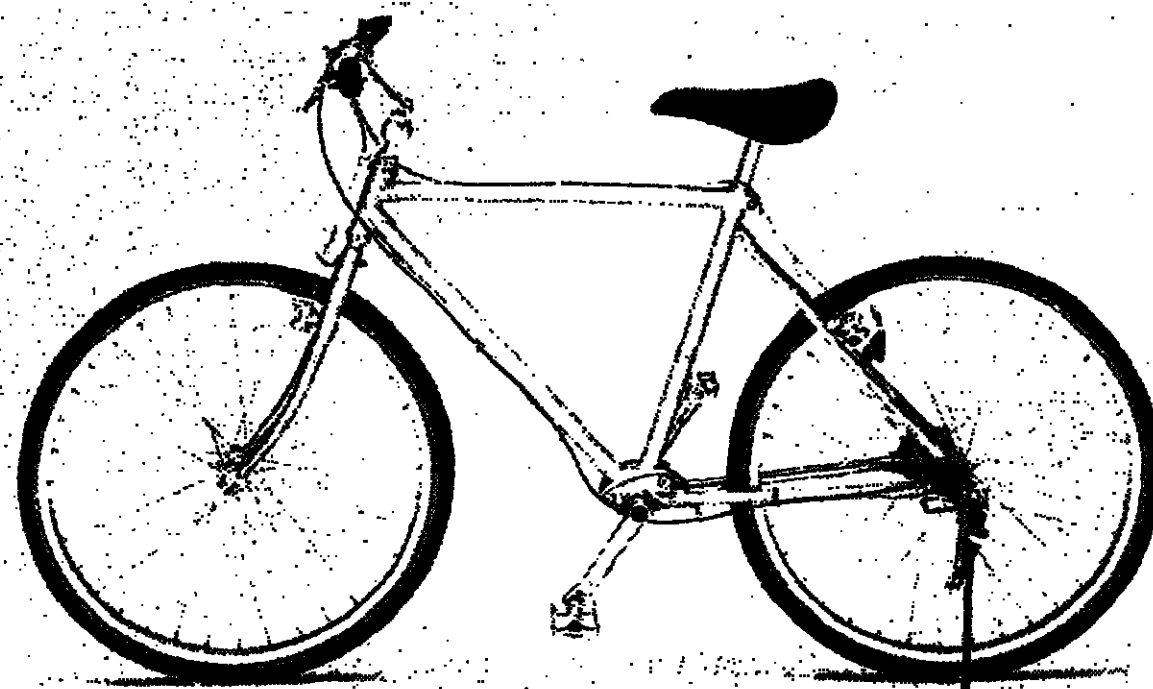
ised filing system, whether for home or office. Boxes range from about £3.50 to £34 for the very largest size in acrylic, but there are lots at under £10.

Also look out for more clothes. Those who have admired traditional Japanese Mingei workwear - all those loose-wrapped, strong easy shapes in cotton indigo, seersucker and linen - will now have an authentic selection to choose from.

These, you will not be surprised to hear, are not clothes for wearing to Ascot, for working them at the Caprice or carrying the day in the boardroom. Not for nothing do they call them One Mile Wear. The loose-fitting tops and drawstring pants make comfortable clothes for relaxing at home, for wearing in your local neighbourhood, while doing the shopping, or pottering round or doubling as pyjamas and dressing-gowns.

If that build-up sounds as if they are cheap the answer, I am afraid, is that they are not. By the time Japanese labour costs, standards of living and strong yen have been taken into account they emerge on our market as very expensive indeed, clothes strictly for those, I would say, for whom the Mingei cult is beguiling enough to make them pay the premium rate.

Sketches below is a set of trousers and jacket made from hand-dyed cotton, available in medium size only for men or women, £175. The traditional kimono is £100.



IT IS mildly pleasant for a middle-aged man to become a centre of attention among the golden youth that promenade in Covent Garden on a mid-summer morning.

The object of their curiosity was a bicycle (pictured above) with no chain, which I was test-riding near Muji, the retailer which is importing it from Japan. The verdict? Well, it certainly gets them chattering. One American student, who picked it up and spun the back wheel critically, pronounced the direct drive through a lightweight axle and gears, "pretty impressive".

The mechanism seemed well made, and transmitted the power of the pedals efficiently. But in spite of this, the clean look and its ex-

plary lightness, I did not much like this bike. It comes in only one frame size (490mm or 19.3 inches), which for a six-footer like me, gives an awkward pedalling angle, with the handlebars too near the seat.

The gearing ratio is rather low (fine for uphill but tedious on the flat or down). The gears are old-fashioned three-speed, rather than the more efficient chain shift; and for £550, I would expect a pair of mudguards.

Round the corner at Covent Garden Cycles I could choose from a range of mountain style 25 speed bicycles with custom-built frames in exactly the right size for £400 or less. And for a mere £438 at Bike UK in the YHA shop a block away, I could have bought a truly

beautiful 14 speed lightweight racer/tourer - better looking, faster, more comfortable and two thirds of the price of the Muji talkabout.

But if you do not mind the price, hate dirty chains, care little for bicycle geometry and enjoy being stopped in the street, by all means try a Muji.

UK retail sales may be gloomy but Lucia van der Post finds a store chain which is expanding thanks to its no-frills philosophy

Garden at 39 Shelton Street.

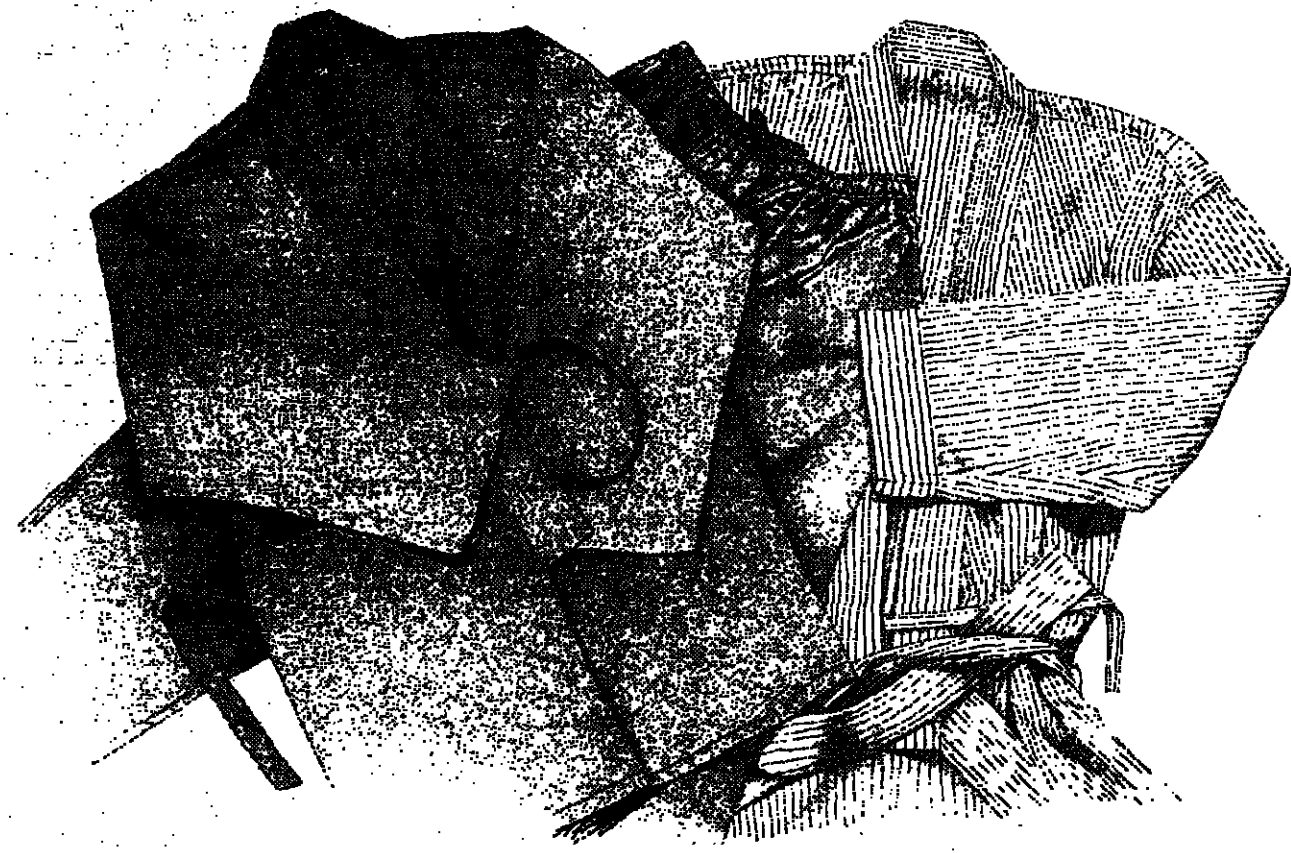
The new site - some 2,200 square feet in an old Victorian warehouse - means the shop will be able to sell some products that are part of the core Muji range in Japan.

Design aficionados will be interested in the bicycle pictured right - first shown at the Tokyo Creative Exhibition at Liberty - where the catalogue described it as "a bike to hang on your wall as well as to ride." Designed by Satoshi Yasui, its chief claim to fame is that it has dispensed with that source of dirt and aggro, the chain, and substituted a shaft.

It is not the first shaft-driven bicycle but it is still new enough for most of us to be

son, Weekend FT editor, who reports on his test-ride in the accompanying story.

Apart from the bicycle, another new line for the British Muji is furniture. Now this is not the sort of product for those of you with country houses and rustic hideaways - these are brushed metal tables and shelf units, metal trolleys, drawer units and storage boxes, the sort of things you might need to fit out a workroom or a home office, to put order into a larger or a studio. The Muji boxes have been one of the great hits of the existing shop - in polypropylene, galvanised metal or just plain brown cardboard they are the basics of many a highly-organ-



Anthony Lloyd

Super sales

HOLLY Golightly, you will remember, took herself off to Breakfast at Tiffany's whenever the mean reds hit her. For me, N. Bloom & Son, the jewellers at 40 Conduit Street, London, W1 has played much the same role. If ever I win the pools, N. Bloom is going to be where I head first.

It has always specialised in exactly the sort of antique pieces that are deliciously pretty and eminently wearable. For a combination of reasons, mostly connected with the fact that the lease is about to expire and, I daresay, not unrelated to it being hard times for one and all, N. Bloom is about to move and it is therefore having a sale. All jewellery is reduced by 40 per cent and all silver by 30 per cent.

This means that, for instance, a Cartier diamond, ruby and sapphire arrow and target brooch is down from £2,400 to £1,440, a cameo brooch is down from £1,450 to £870. Anyone with £35,000 to hand will be able to save

£23,500 on an enchanting diamond necklace (once priced at £58,500).

Price's Patent Candle Company is one of those old-fashioned companies that most of us know and love. Although in recent years its image has become a little faded, it has been taken over by new owners who intend to breathe fresh life and energy into it.

Next weekend, on Saturday June 27 and Sunday June 28 at its factory at 110 York Road, Battersea, London SW11, it will be having a grand clearout of old stock. Prices will start as low as 20p. A wonderful chance to buy some real archive models. On the Saturday only the factory shop (just around the corner) will be selling church candles (more than 40 different sizes), creamy composition candles (from 35p to £29.50 for the largest size, 3 ins diameter by 36 ins high) and hand-made beeswax candles (50p each for 1/2 ins diameter by 6 ins high). Stock up now for Christmas.

Stock up now for Christmas.

LvdP

A slice of history - but the historians disagree

VISITORS to this month's York Festival (until July 5) will have a chance to walk round what York Archaeological Trust has hailed as one of the most important archaeological reconstructions of recent times - but they will also be walking into controversy.

The £12m Barley Hall project was planned by the trust as a worthy sequel to the hugely successful Jorvik Viking Centre, which was opened in 1984, attracts 800,000 visitors and earns £1m a year for the trust. Barley Hall is a reconstruction of what is thought to be the UK's only medieval hospice

- a sort of hotel for clerics visiting the city. The trust plans to turn it into a living and working medieval household - a form of museum unique in Britain, it says.

However, the project has drawn fire from the verbal equivalent of a medieval siege engine in the form of the SPAB - the Society for the Protection of Ancient Buildings. SPAB chairman James Boutwood has described Barley Hall as "yet another contribution to our Disneyland heritage," while secretary Philip Venning has dubbed it "an appalling scheme that should be damned utterly."

Venning has applied to the Department of the Environment on behalf of the society to have Barley Hall de-listed as a building of architectural and historical interest.

At the heart of the controversy is the fact that the trust took down the building to ground level before reconstructing it. In the process, says the SPAB, the restorers destroyed its entire history. "It is now virtually worthless as an object of serious study," Boutwood says.

The response from the trust has been vigorous. Director Dr Peter Addyman describes the work at Barley Hall as "the most detailed archaeological investigation of its kind to be undertaken in this country."

The result, he says, is that it has been possible to reconstruct an exact replica of the original building using many of the original timbers. Only elements of the original building too badly decayed to be re-

used were discarded.

The remains of the original timbers have been blended with 4,000 pieces of new oak, some weighing up to seven tons, in a massive carpentry operation. "All survivors of the 520 or so timbers that constituted the original building were recorded and the whole process was monitored by an academic advisory committee," says Addyman. "The history of

Clive Fewins reports on an archaeological row in York

the building is now understood for the first time. So how can it have been destroyed?"

The reaction of the public to the project in the coming weeks will be vital. Through-out the festival tours of the hall are taking place twice daily. Members of the public can see inside Barley Hall for the first time and hear from guides how the building was rediscovered beneath a jumble of buildings of assorted ages, and the painstaking way in which the reconstruction was undertaken.

The judgment of visitors will determine the fundraising, which has reached a crucial stage. Although the project is slightly above budget the recession has reduced the numbers of companies prepared either to dip into their funds. So far £100,000 has been raised, and although the build-

ing work is complete, the trust needs another £350,000 by July to enable it to continue to furnish Barley Hall and turn it into the "living museum" it is planning.

The eventual aim is that visitors to Barley Hall will be able to witness people inside replicating a working household, living in the fashion of their 15th century forbears, carrying out the same tasks in the same sort of way, in rooms looking exactly as they did in the 1480s.

The trust's researchers have revealed much about the original occupant of the building, Alderman William Snawell, a goldsmith and former Lord Mayor of York, and his family. July is decision month, when the trust's council must decide whether to abandon, at least temporarily, completion of the project. If this were to happen the "mothballed" building might prove an equally fascinating - if better preserved - find for archaeologists in 500 years time as its predecessor's remains did for Addyman's team.

York Archaeological Trust, 1, Pavement, York YO1 2NA. York Festival and Mystery Plays. 0904-632322.

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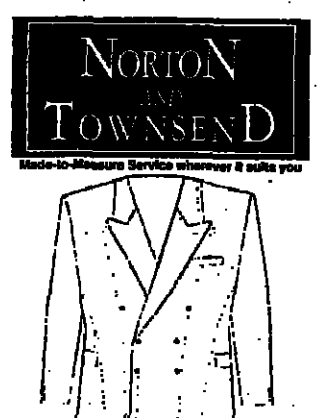
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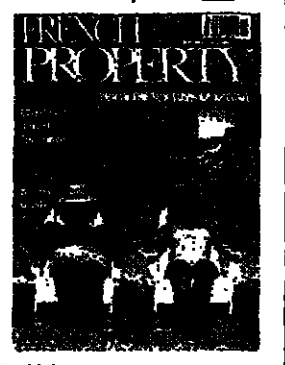
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BOOKS

Sheer madness on the margins

IN THE British Library, there is a beautiful and precious manuscript called the Luttrell Psalter. Made sometime in the 1320s for Sir Geoffrey Luttrell, a wealthy Lincolnshire lord, the text of the Psalms was written by just one scribe. It took a team of artists to illustrate it. For the Psalms themselves, they made some fine historiated initials. But when it came to the margins and foot of each page, they went mad.

One scholar has suggested that the best of the Luttrell illustrations, known as "Hand A", was mad. What sane person, he marvelled, could have come up with such a bevy of fantastic, brilliantly coloured monsters?

But it was not just monsters which were permitted to disport themselves around the edge of King David's sacred words.

IMAGE ON THE EDGE: THE MARGINS OF MEDIEVAL ART
by Michael Camille
Reaktion Books £25/£10.95
176 pages

The margins of the Luttrell Psalter stand as a kind of visual encyclopaedia of late medieval culture. It swarms with a bizarre medley of images: religious scenes, birds, flowers, beasts, wild men and unicorns, heraldic devices, knights at combat, and now-famous scenes of everyday life: toiling peasants, the Luttrells feasting, singers, dancers, and mummings.

Scholars find it very difficult to account for the riot of marginal images which erupted in northern European books between about 1230 and 1400. How can such a love of complexity, of the parodic and grotesque, be reconciled with texts which were generally of a devotional nature, and were commissioned by pious men and women? And still more surprising, to a modern eye, are the "rude" images of love-making, bare-arsed figures and defecation.

In *Image on the Edge* Michael Camille opens up this fascinating and problematic subject for a non-specialist audience. Slim and seductively designed, this book appears with only the most rudimentary

acknowledgement of the sober reality of the medieval paleographer's world. There is no index, and only confusing notes and references - Camille appears less than keen to acknowledge his debts to other sources. His approach is slapdash.

From the margins of the page, Camille swiftly extends his scope to corbels, gargoyles and misericords - the semi-hidden images on the edge of peoples' bottoms, a subject in which he takes a keen interest. Of all the myriad types of marginal image, Camille dwells longest on the "rude" ones.

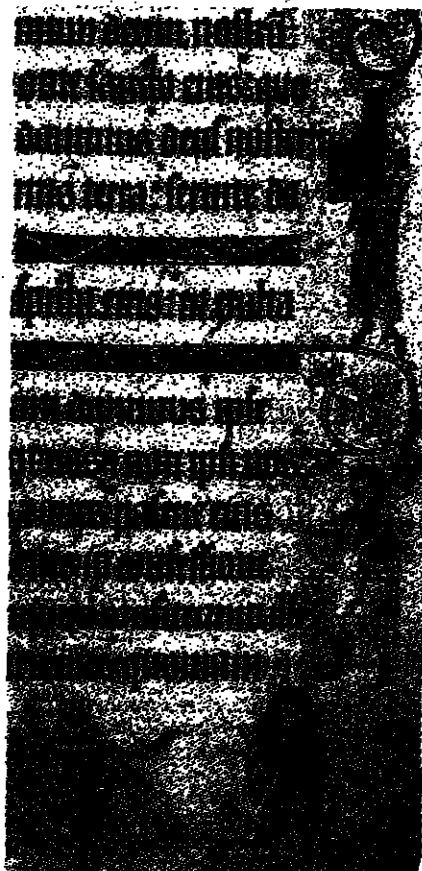
How important, quantitatively, are these obscene? Were they standard fare, more common in England than in France; in one period than another? These are exactly the kind of down-to-earth questions which do not interest Camille. He does not blush to describe the Rutland Psalter as if it were distinguished above all for its anally compulsive artists. And yet, I have it on good authority that only a tiny percentage of its playful illustrations show arrows up bums.

With great ingenuity, Camille reads sexual innuendoes into apparently innocuous images. Snails, he suggests, were popular in manuscripts and carvings not because of their formal appeal, but because they symbolise female genitalia. A woman in a strange head-dress is a "conscious" phallic reference. The flaccid turban was "perhaps" inspired by the Latin word *construbato* in the text. But would an English artist in 1300 have known the Persian word, *turban*?

The fundamental problem with this book is that behind all the superficial cleverness, the flitting hither and thither across the "sexiest" topics of medieval historiography, it rests on an obsession with a flawed metaphor.

Years ago, sociologists and anthropologists fell in love with the notion of "the marginalised". Every society thrusts on to its margins those ideas, forms of behaviour and social groups which constitute a threat to social order. To marginalise something is, then, to reaffirm the dominance of the centre.

Camille strains away at this metaphor: for example, beggars appear in the margins of books just as in medieval Paris



Praising the Lord through music: detail from the Luttrell Psalter

they tended to live by the walls. Marginal art constituted, therefore, the zone where medieval society permitted artists - themselves a "marginal group" - to let rip. The text alone had meaning; outside it, artists were free to create images of those whom he claims were "marginalised" - prostitutes, peasants, fools, vagabonds, cripples, beggars, sinners, lovers, the entire female sex.

Unfortunately, Camille displays no real grasp of the role of any of these groups within medieval society. The result is a book which exemplifies the arrogance, pretentiousness and anachronism which characterise post-structuralist thought at its worst. We may applaud the deftness with which he turns his argument at the end into an attack on the Moral Majority. But on the way, he has produced a travesty.

Patricia Morison

Romantic in exile

Antony Curtis on the life and work of Russian poet Joseph Brodsky

THE CITY of Leningrad in 1940, when Josef Brodsky was born there into a Jewish family, was not an environment hospitable to poets. Even so, in spite of the hostility of the authorities, poets lived and worked there, notably the great Anna Akhmatova.

At the end of the war in 1945 she was preparing a major collection of work and establishing links with the West when suddenly the authorities clamped down on her. Her poetry was described as "ideologically harmful"; the print-run of a book she was about to publish was destroyed and Akhmatova was expelled from the Soviet Writers' Union. After Stalin's death in 1953, and the beginning of de-Stalinisation in 1956 under Khrushchev, she began to publish again. By the end of the decade Akhmatova had become literary godmother to a group of free-minded young poets based in Leningrad.

One of them was Anatoly Maydanovskiy, who became Akhmatova's secretary and whose interesting book *Remembering Anna Akhmatova* was published in the UK last year by Peter Halban (£18). Another was Joseph Brodsky, as he is now universally known, who wrote the introduction to that book. After the fall of Khrushchev in 1964, the climate for poets worsened again and this time the backlash of repression struck at the 24-year-old Brodsky. As a poet who did not belong to the Writers' Union, Brodsky was a non-person and he found himself facing trial. The charge was parasitism or vagrancy (*bezrazlichie* in Russian).

At his trial Brodsky showed

a similar resilience to that of Oscar Wilde when affirming from the criminal dock the right of an artist to practise his art in whatever circumstances.

Judge: "Who recognised you as a poet? Who gave you the authority to call yourself a poet?"

Brodsky: "No one. Who gave me the authority to enter the human race?"

Judge: "Have you studied for it?"

Brodsky: "For what?"

WATERMARK
by Joseph Brodsky
Hamish Hamilton £12.99, 135 pages

Judge: "To become a poet. Why didn't you take secondary education at school where they prepare you, where you can learn?"

Brodsky: "I didn't think poetry was a matter of learning."

Judge: "What is it then?"

Brodsky: "I think it is... [in confusion] ...a gift from God."

And as in the case of Wilde, Brodsky's brilliance of response did not do him much good. The female judge passed a sentence of exile in a remote locality for a period of five years hard labour. The young Brodsky was sent to serve it at a state farm near Archangel. Akhmatova and others did what they could for him. Eventually after two years Brodsky, in poor health through suffering the intense cold of the Russian north, was pardoned and released. He recovered, continued to write poetry, and found a job in a publishing-house in Moscow.

Nicholas Bethell, who translated the above transcript, went to see him, and made versions in English for the first collection of Brodsky's poems to appear in the UK - *Essays to John Donne* (1967). In 1972 Brodsky became an involuntary exile from the Soviet Union and after brief periods in Vienna and London he went to live in the US, turning down two invitations to emigrate to Israel. In 1980 *A Part of Speech*, poems translated into English verse by various poet-translators, was published; and most recently in 1988 *To Urania: Selected Poems 1965-1985*, some of which are translated by Brodsky himself. In 1987 Brodsky was awarded the Nobel Prize for Literature and currently he is poet laureate of the US.

The intellectual intensity of his poetry - no wonder he wrote a poem in praise of Donne - shines powerfully through these translations, especially when he is writing about women he loves. A fine

poem entitled "The Butterfly", in which he ponders the fate of a gorgeous creature whose entire life-span lasts for less than a day, strikes a typical note of thoughtful lyricism. Brodsky's poetry stimulates the reader and challenges his assumptions, like Auden at his best. And he has written a remarkable essay about Auden, in a collection of prose, *Less Than One* (1987, to be reissued in August by Penguin); and now, just published, we have a long prose-essay by Brodsky about visiting Venice, written in English in 1983.

It is a charmingly wayward and evocative rumination. We are dealing here with a major writer who, like Nabokov, has successfully managed the transition from his native Russian to an English prose style of so great an ornateness that it might be modelled on that of Sir Thomas Browne ("Eyesight is the instrument of adjustment to an environment which remains hostile no matter how well you have adjusted to it").

Brodsky has been adjusting to the environment of Venice, both hostile and friendly, in a

series of sojourns in that city ever since he first visited it in 1973 at the age of 32. He captures its impact upon a sensitive traveller - exile, poet, lover, acute observer - with the same obliquity and insinuating use of non-sequitur that is typical of his poetry. The habit of hinting at a truth, of presenting it with calculated ambiguity, a technique cultivated by many Russian writers to outwit the censor, dies hard.

The most recent example of Brodsky's way of conducting an argument by taking two steps forward and one step back may be seen in *A Fishy Fantasy* published in the American weekly *The New Republic* (April 20 1992). This piece is a speculation on the probable effect of Philby on the formulation of Soviet policy towards the Arab world. It was inspired by Brodsky's shock at seeing a blow-up of the traitor's face, taken from the Russian postage-stamp commemorating Philby, on the cover of the *London Review of Books* in a bookshop in Hampstead. Nowadays Brodsky gets around.



Joseph Brodsky: Poetry is not a matter of learning

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Gerald Seymour has an uncanny habit of pre-empting the news headlines.

Take *Condition Black*, just out in paperback. Written long before Iraq invaded Kuwait, it is the thrilling story of a disaffected British nuclear weapons scientist ready to take the bait dangled by Saddam Hussein's agents. As the *Daily Mail* said, "It gives the many-sided suspense story such a wealth of factual detail, it is in the same class as Frederick Forsyth's best".

Not was this the first time Seymour's fiction became fact. *A Song in the Morning*, his story of the race to stop a hanging in a South African prison, was published on the day three A.N.C. members were executed.

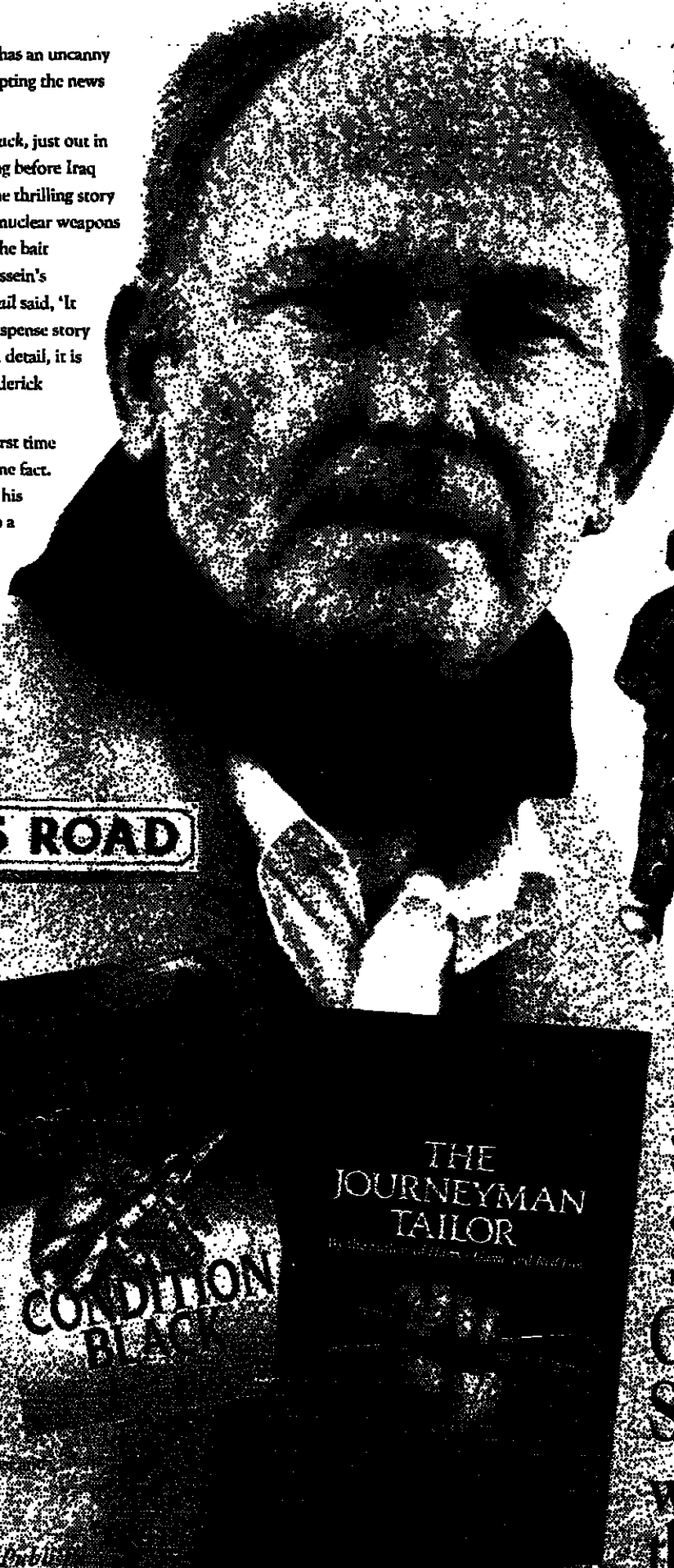
Red Fox, recently televised, mirrored the kidnap and killing of Italian premier Aldo

FALLS ROAD

Moro. And his very first novel, *Harry's Game*, centred on undercover operations in Northern Ireland, predated the real life execution of a British Intelligence captain.

Gerald Seymour is no stranger to the world's trouble spots. For over fifteen years he has been ITN's best known foreign correspondent, whose assignments took him many times to Vietnam, the Middle East and Ireland.

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A poet of passion

THIS WEEK it is the 60th birthday of the poet Geoffrey Hill, one of England's great, flawed, stuttering intelligences, a man much admired but less read.

He was born in the village of Fairfield in the West Midlands, the only son of a policeman. From Keble College, Oxford, he went on to academic posts in the English departments of Leeds, Cambridge and - since the late 1980s - Boston university, although his decision to teach in the US should not be read as an act of wilful self-exile in the Auden mode.

His achievements as a poet and scholar are incontestable (some have called him the greatest English poet since the second world war) but a wide readership has eluded him.

Perhaps one reason is that he always has been difficult to get to grips with: his prose can be maddeningly gnomic and Olympian. Critics have tended either to circle around him warily, as if he were not so much a poet as some kind of intellectual explosive device, or to genuflect and over-praise him.

His most recent book, *The Enemy's Country* (1991) - which is substantially the text of the Clark lectures delivered at Cambridge in 1986, and an important work of cultural and literary criticism - was virtually ignored by the national press when it was published last year. And his poetry appears only intermittently; his last book, a long poem entitled *The Mystery of the Charity of Charles Péguy*, was written 10 years ago. Since then, there have been only a handful of poems.

Yet, Hill's poetry has been disturbing the consensus since the end of the 1950s when it seemed to mark a sharp break with both the traditions of the recent past and the habits of the poets who were fashionable at the time.

Much of the poetry of the 1940s is marked by a kind of verbal and visionary extravagance, a steep dive into the

innermost recesses of the self, as if the terrors of actuality - war and its immediate aftermath - had been altogether too much for poets to contemplate.

In the 1950s came the denial of all that, with Kingsley Amis and others proclaiming the need for a more modest, humdrum art altogether, a poetry that would have something to do with everyday life: love affairs, motor cars and kitchen utensils. And then, along came Hill, all formal music and blistering rhetoric. *For the Unfallen* (1959) is a body of poems that was as turbulent and bloody as any Jacobean tragedy, with "death" the first, third and fifth word in his vocabulary.

Michael Glover
on the 60th
birthday of
Geoffrey Hill

Although having no fixed religion, he was writing poems of passion and an almost stifling fervour - gloomy closet dramas full of lurid cameos from the history of England and elsewhere, complete with grunts, cries and ejaculations. Out of key with the times? Hill seemed to care not one jot.

Ten years later, *King Log* was published, equally impassioned but, this time, even more uncomfortable in its subject matter. There were poems about the atrocities of the Third Reich and a bloody return (in sonnet form) to the Wars of the Roses.

Perhaps most memorably, there was a poem called "History as Poetry" which, in one brief phrase - "the tongue's atrocities" - raised a question which has been of paramount importance in Hill's work: can the poet write about the terrible immoralities of our time without being guilty of the luxuries of the bystander? A second great theme is the

poet's difficult relation to language itself: how he must wrestle with this recalcitrant medium if anything of enduring value is to be yielded up; and how language itself must be made clean if it is to become a tool for clear and exacting expression.

The guiding spirit of *The Enemy's Country* is John Dryden, in Hill's eyes a poet "ingenious and at bay." Dryden, a Catholic whose fierce loyalty to James II caused him to be deprived of his public offices after the abdication, was doomed to be a scribbler all his life by what he once memorably described as *The Vocation of Poverty*.

His tyrannical publisher, T. S. Eliot, held him accountable for every last line that he wrote and Dryden himself was driven by hatred of, and contempt for, his patrons - who included the Earl of Rochester, a considerable poet in his own right, of course.

Yet Dryden toiled on, cheerful, optimistic in spite of all odds, picking his difficult way through the *Enemy's Country*, outwitting the "treachery of words," bringing public utterance and private feeling into harmony and writing, in his many prefaces and postscripts to his plays and translations, with a great, plain eloquence.

Geoffrey Hill, on his birthday, might choose to learn something from Dryden - for example, a lesson in plainness and good manners which might stop him in future from writing such a sentence as: "It is, of course, a matter of common observation that the actual mechanics of quotidian life... are inevitably a matter of ambivalent regard."

Such lofty abstractions, handed down from such a great height, do not sit well with his considerable talents. Hill's birthday is celebrated in a special double issue of *Agenda* magazine. It costs £3 and can be obtained from 5 Cranbourne Court, Albert Bridge Road, London SW11 4PE.

BOOKS/ARTS

Model of a columnist

Malcolm Rutherford admires the American journalist Joseph Alsop

JOSEPH ALSOP was a very clever, but very fat and rather unattractive child. He grew up in what he describes as the WASP (white anglo-saxon protestant) ascendancy in New England. Although his background was not rich by the standards of the time and place, it was certainly comfortable. When it was decided that he was unsuited either for business or the law, his grandmother recalled that he had sent her some well-written letters from Harvard, so why not journalism?

Nobody in the family had ever gone in for that before, nor knew anyone else con-

...there was no really great restaurant, nor was it missed. We never locked our doors and never so much thought of the horrible word "security": crime was non-existent. Anyone invited to dine with the president and Mrs. Roosevelt simply drew up to the front door of the White House and rang the bell.

Alsop describes it as a paradise for political reporters. Being well-connected both by birth and education, he had no problems of access. Even as a young man, he could wander in and see the secretary of state every day. It was from there that the idea of a political column began.

Alsop lays down some of the early ground rules he established for himself. On reporting, for example, don't ask foolish questions, don't waste time by being diverted from the subject in hand, and "no matter how big a bastard you have to talk business with, never be rude unless the bastard is rude first". Alsop says that one of the few bastards with whom he ever broke his own rule was Senator Joe McCarthy.

There were also rules for columnists: for example, any column that gets too far from the headlines is bound to be disregarded; "never write about serious overseas problems without being overseas long enough to smell the weather on the streets"; and "don't make extreme assertions on your authority". The trick of writing a column, Alsop thought, was rather like a debased version of the trick of writing sonnets: it had to be well organised. And, of course, you had to work at the facts.

That was how the Alsop column became a model. Sometimes he did it with a fellow journalist, often his brother Stewart. Earlier he had twinned with an economics



Joseph Wright Alsop (1910-1989)

specialist so that the best of political and economic knowledge could go into the same column, a practice that might be resumed today.

Column-writing, however, has its hazards. One of them stems from becoming too involved in the political processes you are seeking to describe: pomposity or partisanship can creep in. There seems little doubt that this is what happened to Alsop over time. In the late 1960s and early 1970s he was a great supporter of American involvement in Vietnam and fell out with many of his old friends in the process.

This is how his diary could read on a trip to Saigon: "Monday, 18 March, Air France 191, arr. Saigon, 5.05 pm, dinner with Amb. Ellsworth Bunker, Stay with Amb. Bunker, Tuesday, 19 March, morning at

American Embassy, 2.30 pm, Gen. Philip Davidson (chief of intelligence, Westmoreland's staff), 7.30 pm, dinner with Gen. Westmoreland." And so it went on, through President Thieu and Vice President Ky the next day before back to dinner with Ambassador Bunker. There was not much there of smelling the weather in the streets. Some people would say that the older Alsop had broken the young Alsop's rules.

Nevertheless, Alsop young and old could write and every door was open to him. This book is full of stories - like the time when he threw Guy Burgess and Donald Maclean out of his Washington house before it was known they were spies, or when he asked Churchill about younger Tories. "There's Hogg," said Churchill, "he's an ass. Don't know any others."

Quick, witty and very New York

Malcolm Rutherford reviews 'Six Degrees of Separation'

IT IS good that American theatre should make forays into mainstream London for it teaches us that the British still have some tricks to learn. Tony Kushner's *Angels in America*, which has been playing at the National Theatre for most of this year, is one example. John Guare's *Six Degrees of Separation*, which opened at the Royal Court this week, is another. The plays are serious, witty and above all, fast, a technique that must have been learned from the best of American cinema. They rely heavily on texts, acting and good direction, and otherwise can be remarkably spare in their requirements.

The set for *Six Degrees* consists of a simple background of colourful American abstract art. The only props are a few equally colourful chairs and the odd glass. Yet in this minimalist setting, there is a style, a flair and self-confidence that you would not normally associate with the Royal Court nor even with the National Theatre. The best of contemporary American theatre depends on talking fast, and talking well.

Six Degrees is very New York. It assumes several degrees of knowledge in the audience. Within a few minutes we have been through the psychology of *Catcher in the Rye* and how the book may have contributed to the killing of John Lennon and the attempted killing of Ronald Reagan. Since this is New York, the subjects of race and money are never far away. South Africa comes in at the start because it combines the two. South African money can finance the purchase of a Cézanne by an upmarket New York art dealer, who can sell it on to Japan, although even to mention South Africa requires the right tone of voice. The nuances of political and social correctness can produce very good theatre.

The dialogue in *Six Degrees* is superior to the plot, but even the latter is way above average and is based, for what it matters, on a true story. A young man called Paul claims to be the son of Sidney Poitier, the movie star. He inveigles his way into Fifth Avenue apartments and charms the waiters on by offering them walk-

better and more openly than I have seen in any British play. It is accepted as a fact of life, neither to snigger at nor to be pained as a cause.

Six Degrees has its pretensions, not least in the title. For the rest, it is simply a witty play almost entirely devoid of the besetting fault of American theatre: sentimentality. Where it scores apart from in the writing is in sheer zest. When the kids come home from Harvard, they do it in explosive fashion, demonstrating all the intellectual arrogance of youth. There are some little gems of dialogue all along, like the question about the people on Fifth Avenue: "Are they rich?" and the answer "No, hand to mouth on a higher plateau."

Low jokes as well: the Harvard course on the Holocaust and ethics has been retitled "Krauts and doubts".

Conventionally one should single out Stockard Channing as Ouisa, the female lead, and she is magnificent, but plainly she knows that this is a team performance. The play is directed by Phyllida Lloyd, who is British. London should rise to it.



Paul Shelley and Stockard Channing at the Royal Court

Rise and fall of a Nazi toff

SUAVE AND shallow seems an apt summation of Joseph von Ribbentrop. He added the 'von' himself, to enhance his status as son of a wine merchant. So, unlike the bully boys who formed the Nazi Party, young Ribbentrop joined as a toff.

The louche, cabaret ambience of pre-war Berlin gave him contact with the young riff-raff of the party. He presented these roaring boys in his home as "men who have a programme for Germany". It was an early example of radical chic, as Tom Wolfe remarks in his preface to John Weitz's fluent and fascinating biography of Hitler's ambassador to London.

In some ways, the young Ribbentrop resembled the yuppies of yesterday: he had money, married well, had good connections and was an ardent social climber. He had a certain cos-

metopolitan polish gained from travel abroad; he even played a good game of tennis. He might have lived a casual, rich, social life, but instead he became thoroughly besotted with Hitler.

Hitler wanted someone to translate the London and Paris papers, Ribbentrop was recommended. Hitler became a guest at the house, usually on his own, because of his table manners - "he was not someone you could invite anyone with" according to Annelies von Ribbentrop. Finally he got a minor job in the office of Hess, the party deputy.

Gradually, he inveigled himself into a position where he ran foreign errands for Hitler. He expanded his office into an organisation. He became Hitler's advance man in his campaign for an alliance with Britain. (The author is especially revealing on English society of those years.) By 1935 Ribbentrop had become Ambassador Extraordinary on special mission, by-passing the London and other embassies. He negotiated his diplomatic technique was "take it or leave it": a Naval Agreement with the British Government which was hailed by Hitler as a triumph.

Posted in 1936 as ambassador to the Court of St. James, he proved way out of his depth. The bitchy, witty society of that time, as recorded by Chips Channon, made fun of him. His worst gaffe was at the Palace: bowing out of the audience chamber, after presenting his credentials to George VI, Ribbentrop three times half-raised his right arm in a modified Hitler salute. The press got to hear of it and went wild: "Ribbentrop's salute" even Hitler was dismayed.

And so it goes on, a figure more foolish and ambitious, maybe, than monstrous, but utterly tainted. Because even if he did not know what he was doing at the start, he soon learned the truth about the Nazis. A sort of slavish admiration of Hitler, devoid of any moral sense, led him on. The world of diplomacy was far more glamorous than importing wines. In the end, fallen from his glory as foreign minister, even Ribbentrop came to realise that his pact with the devil could only end one way: by his execution. His ashes were deposited unceremoniously with those of the other war criminals in a small stream near Munich.

David Spanier

HITLER'S DIPLOMAT
by John Weitz
Weidenfeld & Nicolson £20, 336 pages

SPRIT WEDDINGS
by Gillian Tindall
Hutchinson £15.99, 215 pages

PORTRAIT OF THE ARTIST'S WIFE
by Barbara Anderson
Secker & Warburg £13.99, 309 pages

HOME RULE
by Clare Boylan
Hamish Hamilton £14.99, 230 pages

tendency to become over-fond of her characters and to sentimentalise them accordingly. What promised to be a challenging look at 20th century New Zealand turns into a touching love story about a marriage which survived against the odds. The early days in Hawke's Bay and the lives of Jack and Sarah's parents' generation are of much more interest than the progress of the protagonists and their contemporaries, who say things like "Any conversation that is not about literature bores me."

Home Rule is described as a "prequel" to Clare Boylan's first novel, *Holy Pictures*. The latter was inspired by her

mother's upbringing; the "prequel" takes off from the life of Boylan's grandmother, Daisy Devlin, who grew up in working class Dublin at the turn of the century. Daisy's mother was an English Protestant who was warned that if she married an Irish man he would give her 10 children and leave her destitute, and this is exactly what happens. Until her husband's death, this unfortunate woman took refuge from the hard realities of her life in a front parlour decked out with trinkets salvaged from her Kensington home. As the parlour disappears into the pawnbroker's Mrs Devlin's frail sanity starts to disintegrate too.

At her best, Clare Boylan combines a wicked sense of humour with a talent for delectable imagery. Here her strengths are overwhelmed by the relentless demands of the massive family saga with its sentimental set pieces and melodramatic climaxes. The hard facts of history (25,000 men locked out in Jim Larkin's 1930 strike, 49,000 Irishmen dead in the First World War, 1,198 drowned in the sinking of the Lusitania) pale against the string of violent deaths, seductions, betrayals and reversals of fortune endured by the Devlin family. The result is an uneven sort of book, where scenes that belong in a more down market novel are suddenly lit up by a flash (a cat's "painted trap of fangs", "lawns small and neat as crustless sandwiches") that reminds us how very good the real Clare Boylan can be.

Alannah Hopkin

Caught up in family sagas

GILLIAN TINDALL, a reliably intelligent writer, offers an unusual novel that combines the effortful suspense of a good detective story with a shrewdly observed family saga and some outstanding travel writing.

The Great City and the Great Land are imaginary places a long-haul flight east of Bombay. Thither goes Stephen, a widowed, middle-aged country doctor, persuaded to return by his son, Christopher, a pretentious travel writer. Nowadays the Great City "is, in Christopher's words, "an archetype of late 20th century urbanisation, the equal of New York, Tokyo and Hong Kong, yet itself, and only itself..." Stephen knew the place before the war, when it was an underdeveloped colonial outpost smelling of "salt swamp water and old cooking oil". The reason for his return is Christopher's excitement about the existence of a peasant doppelgänger, Bhat Way, who may be his first cousin. This is only the beginning of a drama which also involves Stephen's elder sister, Pauline, a hectoring vicar's wife, who reacts in a violent and apparently uncharacteristic way when her husband runs off with another woman. In the telling it becomes clear that narrator Stephen is not the sympathetic and reliable chap that he first appears. As the true story of Bhat Way's origin emerges we see the damage that even well-meant interference can inflict on innocent lives.

In the end it is only the peasant, Bhat Way, uniting the

ill-fated lovers that he considers were his parents in a "spirit wedding" who finds any consolation. It is all ineffably sad, though I would argue with Tindall's insinuation that the custom of sending colonial children "home" to boarding school led to entire generations of emotional cripples.

Barbara Anderson is a New Zealander, born in 1926, and *Portrait of the Artist's Wife* follows the activities of a group of friends from pre-war childhood to a distinguished middle age. Sarah Tandy, the wife of the title, is one of New Zealand's leading painters, while her husband, Jack Macalister, is a prize-winning novelist. In the opening pages she is accepting an award for her husband's posthumous novel at a ceremony which encapsulates all that is awful about the provincial arts scene anywhere - the platitudinous Minister's speech, the bitchy gossip of the guests, and the scant supply of warm white wine. We then return to their childhood on Hawke's Bay where Jack's father had a sheep station and Sarah's was a doctor, and nobody even imagined that "the arts" would ever be a part of their everyday lives.

Anderson has a sharp eye and ready wit, but also, alas, a

Off the wall/Antony Thorncroft Salerooms pick up the pieces

THE ROLL call of major contemporary art dealers shutting up shop in the face of the recession is assuming apocalyptic proportions. This week Nigel Greenwood, who championed artists as diverse as Glenn Barter and Jeffrey Campbell, joined Odette Gilbert, Kasmin, Fischer Fine Art, Nicola Jacobs and Anne Berthoud among the notable names who have abandoned their West End galleries.

Apart from Gilbert, where the banks pulled the plug, the others were unprepared to struggle on with ever increasing rents and property charges and ever falling sales. Most have decided to deal privately from home. Even so, the contemporary art market in London faces the biggest crisis in its history.

It was bound to happen. For a start there are very few collectors of contemporary art priced at over £50,000, and apart from Charles Saatchi, they are virtually all foreign businessmen whose buying depends upon the profitability of their companies. At the moment they are just not interested.

By the very nature of the art there can be no copper bottom reputations and taste changes rapidly. Then the success of dealers in forcing up prices in the 1980s, and their self-deception that the spiral would continue, made re-stocking suddenly expensive; dealers are now stuck with pictures whose market value has almost halved.

In contrast dealers in Old Masters and decorative art, with connoisseur clients and stock that has not risen so rapidly in price, are holding on. Their most splashy event, the Grosvenor House Fair, which ends today, has hardly set the bells ringing. On the other hand most dealers have sold something and turnover generally is on the level of a year ago. With many dealers redoubling their prices daily, the old-fashioned gentleman collector is realising he can afford to buy again and is re-appearing from out of the wood work.

The top dealers desperately need a good Grosvenor House because it is the only time during the year that they can mount a collective challenge to the salerooms - and judging by the lacklustre auctions planned by Sotheby's and Christie's this June the dealers can reckon to have won the

new opera house on the South Bank to be ready by 2000 for the millennium celebrations and as a new home for a merged Covent Garden and ENO.

With both houses about to launch multi-million pound rebuilding appeals such a rumour could devastate their fund raising campaigns. Hence a quick move to scotch such fanciful kite flying. The chairman of the ROH and the ENO are considering a joint denial, and Mellor has let it be.

It is ironic then that the adversity of the dealers is proving much needed relief for the auction houses, who often get the task of cashing in the assets when a dealer packs up shop. Sotheby's has disposed of unloved paintings for the Helm Gallery and this week offered silver and jewels, the old stock of Tessa's of Bond Street. On July 1 Sotheby's is selling over 70 Hockney prints once dealt in by Kasmin at prices up to 40 per cent lower than two years ago.

Christie's has acted as undertaker for Sparks, the Christie's dealer, and for Odette Gilbert.

With the market in such depression this is a strange time for Hughes Joffe to quit as expert in charge of contemporary art at Sotheby's. The most logical explanation is that he will join arch rivals Christie's. Such a move across Piccadilly is almost unprecedented: neither firm wants to get dragged into the poaching game; it would enable top specialists to play one off against the other.

But Joffe, whose knowledge of buyers and sellers has enabled Sotheby's to capture over 70 per cent of the contemporary business, may be just too tempting for Christie's.

Keith Cooper is moving from director of PR at English National Opera to director of PR and marketing, at the Royal Opera House, Covent Garden. He replaces, after a gap of over a year, Ewan Balfour.

With such mixed loyalties Cooper put on both his hats to dismiss the filer in *The Times* that David Mellor's Department of National Heritage was planning a brand

around for years. As indeed it was - it was the original name for the company now known as City of Birmingham Touring Opera. English Touring Opera was the best that six months, and £10,000 of research, could come up with, winning out over more creative options like (hard to believe) Moving Opera and Aria. The feeling was that the potential customers of Opera 80 might not be able to pronounce Aria.

At least English Touring Opera exactly describes the work of the company, which is subsidised by the Arts Council with £250,000, plus more from sponsors, on its visits to medium sized venues. English National Opera was not best pleased with the change; but it survived London Festival Ballet transforming into English National Ballet and it accepts that few of its customers will mistake small scale ETO for Coliseum based ENO.

The Arts Council is doing its bit for the disabled, raising its budget for handicapped performers from £91,000 to £150,000 in a year and persuading a Duke (Westminster) and two Lords (Palumbo and Rix) to attend a Theatre and Disability Conference in Manchester next Friday.

But it seemed to be carrying its commitment beyond the pale with a special grant of £25,000 to enable Bolton Octagon to put on *Titus Andronicus* employing disabled actors. The prospect of the armless or the tongueless coping with Shakespeare's most bloody play, packed with such amputations, was surely too much. It turns out that the play will use deaf actors.

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ART GALLERIES

MAIRBOROUGH & Ashmole Street, London W1. STEPHEN COMPTON. "Recent Paintings" 18 June - 25 July 1992. Mon-Fri 10.30am - 5.30pm. Mon-Fri (7pm until 8.30pm) 41 Old Bond Street, London W1X 4BA. Tel. 01-479 0176 Fax. 01-479 859 424.

AGNEW'S 77-79 Abchurch Lane. A celebratory exhibition with 30 items for sale: catalogue available on request. 18 June - 24 July 1992. 9.30am - 5.30pm. Mon-Fri (7pm until 8.30pm) 41 Old Bond Street, London W1X 4BA. Tel. 01-479 0176 Fax. 01-479 859 424.

S. MARCHANT & SON Auctioneers an exhibition of Old Master and Period Monochrome and Two-Coloured Works. 1-25 June, 10am - 5pm. Sat. 10am - 4pm. 125 Kensington Church Street, London W8.

SPINK, King Street, St. James's, SW1. Annual exhibition of 20th Century British paintings, watercolours and drawings. Until 26 June. Mon-Fri 10.30-4.30. Sat 10-1. Sun 12-4.30. Tel. 01-479 0176.

LEVEYRE GALLERY, 30 Bruton St. W1. 37-43 Bruton, 1992 WORKS BY SIR J.M.W. Turner. 1 June-10 July. Mon-Fri 10.5-5.30. Tel. 01-479 0176.

MARTIN GREGORY Paintings of the China Coast 1700-1850. Until 3 July. 34 Bury St. St. James's London SW1. Tel. 01-479 0176.



I WAS IN Vall, Colorado, last weekend, hobnobbing with the rich and powerful. I took the chairlift up Vall mountain. Swam a dozen lengths a day. Played tennis. Got face-hurt. Rode a bay horse named Pete along a river-side trail at dusk. Bought a pair of shoes. Read Elmore Leonard. And met Ross Perot, the chirpy Texan gunslinger who has injected a gust of drama into the race for the White House.

First, they looked me over. I was in the village, eating my dinner, struggling to make sense of *The New York Times*, when my table was surrounded by a dozen men in suits, some speaking into microphones or listening to earpieces, all carrying briefcases stuffed with documents, Ivy League types, not a

Texan to be seen, so that I completely lost the drift of whatever it was I was eating. Elk, I suspect, though it could have been buck deer.

They patted me down, checked my ID, asked me some questions. Satisfied, they led me to a table at the back of the restaurant and introduced me to Ross Perot. He was wearing a blue suit and a blue-striped tie.

The reason he wanted to talk to me, said the man who would be president, was that one of his people had shown him last week's column, in which I outlined my plans for a British Board of Referenda.

"My people," said Ross Perot, "tell me that you share my belief in elec-

tronic town halls and on-line forums as a means to hash out national issues. That you, like me, advocate demographic databases and electronic conferencing so that groups of voters can listen to discussions, ask their questions, and then use touch-tone pads to vote on far-flung matters. That you understand tele-democracy - top-down, bottom-up links between voters and their president. That you are part of the vista of technopolitics. In short, that you are a can-do kinda boy with whom I might do business."

I said nothing.

"Tell me," said Ross Perot, "what is the one thing that will get me into the White House? Don't bother with issues, downtown stuff like



that. And don't think in sound-bites. Stick to personal qualities. Take your time, boy. They'll keep your dinner hot."

"Mr Perot," I said. "The one thing that will get you into the White House is preparation. Nothing is so small you can afford to overlook it. You must attend to every detail. Let me tell you what the late

Marlene Dietrich told her orchestra in Las Vegas the night before she opened. She and the orchestra and her musical director, Burt Bacharach, had just completed 32 hours of strenuous preparation, and Bacharach had announced that rehearsals were over.

"But Dietrich was a perfectionist, and inexactable. So she addressed the orchestra. 'All right,' she said. 'Burt says rehearsals are over. It's time to stop, time to go, and Burt knows. He knows your union rules. . . . He knows your freeways and your lawn sprinklers and your swimming pools and your television sets, your standards and your aspirations. And so you must go home to your little wives in your little

houses in the hills or the San Fernando Valley. I am prepared and willing to stay here all night. All night and all tomorrow, too. To get it right. To justify this thing we are doing, this act of theatre. But no. Your pools and martinis and television sets and wives are waiting, so never mind. Never mind that we open tomorrow night before the most cynical audience in the world. And we are not ready for them. But go. Go home and relax. And as you do, think that we open tomorrow night, and tomorrow night will be . . . a disaster."

"But it wasn't," I said. "Marlene was a triumph."

Perot was spell-bound. "OK," he said. "Write me the sort of referen-

dum question I should be asking as president." He gave me a gold pen.

"Gun Control," I wrote. "President Perot says he wants to take guns out of the hands of violent people. Not all the people. Just drunks and crazies. Here's what he wants to do. Anyone who's had a cocktail or three and is caught handling a firearm will be sent down-river for 25 years. No ifs or buts. If you're in favour, vote 'Yes' on your touch-pad. If not, 'No.' But remember: we've got to make America safe for decent folk. Support President Perot. Vote 'Yes' for sanity." When I showed Perot my question, he blushed through his teeth with glee. "You'll do fine, boy," he said. "Welcome to the team." Then he gave me \$35,000 and sent me to finish my dinner.

Michael Thompson-Noel

Private View/Christian Tyler

Living in another world

TOMORROW is our summer solstice, a high point in the calendar for disciples of the New Age. At the sacred sites of Britain - Avebury, Stonehenge, Glastonbury, Arthur's Seat, Callanish - there will be little pagan ceremonies, accompanied by music and dancing, pot-smoking and the police.

The New Age is difficult to define. It is a mildly apocalyptic vision of a post-technological world in which Man lives in harmony with Nature. It has no fixed doctrines or liturgy: it is a syrupy mixture of primitive animism, Christianity and Oriental mysticism. It is about saving the planet and being nice to others, but especially about feeling good. It is a revolt against rationalism, science and materialism, with a metaphysical as spongy as marshmallow.

To find out whether the New Age is more than any other brain-soothing cult I went this week to see Michael Irving, a publisher of New Age pamphlets and organiser of the Avebury summer solstice sit-in. He lives with his girlfriend, Karen Jones, in a rented bungalow in the West country looking out at Glastonbury Tor.

I discovered a normally intelligent, softly-spoken 40-year-old with a pale face and innocent, grey-blue eyes. There was a sickly smell of scented candles in the house and the new baby sat in his playpen, chubbily smiling like Buddha.

Within a minute of our meeting, however, I learned that the bungalow is built on the dragon line that runs diagonally from St Michael's Mount in Cornwall to Bury St. Edmunds in Suffolk. There are two of these dragon lines circling the world, one positive, one negative. They are harmless, my host explained as he handed me a glass of pure orange juice.

Michael Irving does not like the term 'New Age' because of the way it is used in the papers. "You often see people with crystals saying very funny things. I'd rather not be

associated with that. It's quite a serious business." Instead, he talks of Leading Edge, New Thought or Inspiration.

Why do you celebrate the summer solstice?

"I think it's because of seasonal changes in the planet, as the sun moves up and back again, a movement of energy. I suppose, across the earth's surface. The ancients found strong places of that flow and built their temples there."

Some New Agers claim to be able to plug into the earth's current when they touch standing stones and generate energy by dancing in and out of them. Irving said he had not reached quite that degree of sensitivity, having been so "shut down" in his early life.

He had had to retreat from life after the disciplines of public school and the unfulfilling experience of working in his father's kitchen equipment shop on the Isle of Man, he explained.

He studied mechanical engineering at Farnborough College of Technology, worked for the 600 Group in project engineering but a bout of bad health sent him off to learn

While meditating one night near Warminster, on the edge of Salisbury Plain, Michael Irving saw three spaceships close up

Transcendental Meditation. He became the cook at a TM academy in Derbyshire and later, in the TM settlement in Sharncliffe, learned to design and print T-shirts, stationery and menus.

In 1983 his life was changed by meeting Sir George Trevelyan, a prominent New Age guru.

"He awakened my consciousness, a deeper sensitivity that up to then nobody had really reached in me."

Sensitivity to what? I asked.

"It's like a magnification inwards, an inner opening and expansion. You feel things like hope, deep meaning and the significance of things."

Had you been depressed before?

"Yes. Normally depressed, as I would say." He smiled. "I didn't really know till then that I was depressed."

Under Sir George's influence he produced a scrapbook of favourite quotations from people like the Apollo astronauts, Mother Theresa - and Sir George himself. An "oak dragon camp" brought him to Glastonbury. He pointed out of

the window.

"We camped three miles over there in the Glastonbury zodiac. Marvellous things started to happen to me: sitting in the circle feeling something tremendous as the talking stick passed round. I heard people saying interesting things, and real things, like they were fed up with the person in the tent next to them, or singing a song, or just holding the stick for a couple of minutes." Driving round, he could feel the energy flying across the land.

Next weekend 100,000 people will descend on the nearby village for the Glastonbury Festival. Irving is afraid there will

be violence because, he explained, some people were not used to celebrating and feeling good about life. It seems the violence is due to a certain pre-millennial tension.

New Ageism is a "holistic" view of the world and making "connections" is important. This includes connecting the left brain (the rational hemisphere) with the right (intuitive) side.

I asked if the notorious Travellers were making these connections.

"I think they're totally right-brained without any left brain, plus a bit of anger. They feel the connection of things a bit too much. Like they want to just pick up anything and throw it in their van. They're a bit too connected. They don't have the discrimination to know what doesn't belong to them."

I asked about the Brew Crew (they drink Special Brew) and the Crusties (who don't wash).

"I think they are basically very confused people. Life isn't working for them but they don't know why."

A clue to the New Age revelation, according to some disciples, is contained in crop circles. When I said they had been exposed as hoaxes, Irving insisted some were genuine.

Apparently they fulfil the prophecies of a Red Indian "rainbow dream vision", a 20-year programme of enlightenment leading to the millen-

nium. According to a certain Harley Swiftdeer, when the winged or feathered serpent wheels turn again we will see rainbow lights in our sleep. These rainbow lights accord with the seven coloured chakras or energy centres in our body. And, said Irving, the

crop circles contained symbols from the rainbow dream.

I was losing the drift. What makes these circles? I asked.

He hesitated. "Well I know who I think. I'm pretty sure it's extraterrestrial intelligence."

You really believe extrater-

restrials make these marks?

"If you ask me personally, yeah. I have seen three spaceships quite close up."

He was meditating one night near Warminster on the edge of Salisbury Plain when three of them came over his car about 100 yards off. He chased after them. "They were about 25ft in diameter and there were windows in them going round. I saw nobody at the windows but my heart opened. I felt incredibly wonderful."

"Eventually they went over a clay hill and I saw them going round over a stand of trees, very peacefully, before flying off towards Stonehenge and Avebury."

He believes they had chosen him in order to convey something. The message was "about getting people into circles, about raising our consciousness."

Irving went on to explain something called the Birth of the Cosmic Child, which is about recapturing lost innocence and spontaneity and sharing one's experiences.

I suggested psychoanalysis would do the trick without the need for earth currents or dream visions. Irving replied that both Freud and Jung had foreshadowed the New Age solution: just as the sun's energy radiates from earth's core to its surface, so we must learn to allow the heart chakra to radiate its energy to the body.

I see, I said.

I asked if he believed in God.

"What I do believe in is a consciousness that brings us all together."

Isn't what you are talking about pagan?

"I'm not too bothered about

what things are called. It's just whether it feels OK and works. As a matter of evolution we had to remove ourselves from experiencing things directly. We split off and we're on the point of rejoining the flow. We did not have to go back to living in mud huts, he added. We could keep the benefits of technology provided we restored the balance. I suggested that was dropping out. He said: "It's dropping in. It's a paradox, a turnaround in our appreciation of life."

If I said you were childishly escaping into a primitive world of rituals, symbols and ignorance, what would you say?

"It's not just being childlike, it's not just living in the country. It's not just being artistic. You're making a left-brain. Something else is going to happen. I would say stick around because this thing is going to happen."

What is going to happen?

"I don't know. A good thing might be to go and stand in a good crop pattern and see what one feels. See if you feel good or excited or expanded."

What would you like to happen?

"I'd like to relax. I would like to not feel that I'm totally anonymous when I go out in the world. That on the High Street we know how to say hello to each other. That we would start helping each other. We could start creating this prediction of Heaven on Earth. We could bring more celebration, more street parties."

It sounded OK. But it was a disappointing climax to my initiation into the New Age - especially because - as it happens - we're having a street party already.

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Boring for England

Dominic Lawson knows why soccer fans turn to rioting . . .

FOR THOSE comforted by the traditional and the familiar, events in Stockholm have been reassuring.

Cold wars come and go, the world's climate may dissolve in a puff of ozone, but still we can be sure that the England soccer team will lose ignominiously and that English fans will riot.

The riots are always followed by a marvellous outpouring of what-is-to-be-done-ism. The most amusing part is the attitude of those on the left, who normally advocate extreme leniency in custodial sentencing and the highest standards of police evidence of wrongdoing, but who, in the case of football hooliganism, propose salutary punishments and rough justice. The football hooligan is the most politically incorrect of individuals: he is, apparently, racist. Worse: he is in favour of macho-male dominance.

It has become fashionable to deny any causal link between football games and violence. It is said that these are toughish, clannish young men, who merely choose soccer games as the pretext for their anti-social activities.

I find this puzzling. Why are these outbreaks of hooliganism

never associated with Rugby League, or with the support of Essex County Cricket Club? I fear that football must be the cause, and the self-interested details of this by the Football League should not be swallowed whole by the public and newspaper leader writers.

The connection, however, is not an obvious one, and has eluded commentators until now.

It is that association football is boring. And it is well known that boredom and crime are linked. Soccer is boring because it is impossible. Nobody, apart from the odd South American freak, can play it. It is just too difficult for the normally constructed human frame to control a ball with a foot. (I discovered this at an early age, and determined at school to play in no other position except goalkeeper).

At amateur level this impossibility is evident even to the players. They shout, curse, foul, and occasionally cry as the ball ricochets, defying reason or control.

But the same is true at professional and even international levels. There is none of the satisfying rhythm and discipline which characterise the ball-handling games such as

cricket and rugby. Watching soccer on television is like watching a pinball game - interesting only if you have money at stake.

This can be demonstrated most clearly by a video recording played at fast-forward. There is no pattern at all - except that one notices, with shock, that the ball is only in play for about half the game, so impossible is it to control.

But the problem is that the soccer fans do not realise that they are supporters of an impossible game. They think it should make sense, that there should be glorious flowing movement from player to player, from end to end. The fans become increasingly frustrated and violent, as their idols are shown to have boots of clay, and as players described by the tabloid newspapers as geniuses and prodigies boot the ball into touch or simply fall over it.

The fans then turn back to the tabloids to read - if they can - the explanation. There they are told that it is not players' fault: oh no, it is the manager's fault. Read yesterday's *Sun* back page: "Sunspotter Verdict: Turn it in, Taylor: GO NOW." Underneath this headline is a picture of Graham Taylor, the England football

team manager, disguised as a turnip.

Poor Taylor. He is not a turnip. He knows that football is impossible: so random that nothing can be predicted. But it is more than his job is worth to admit it. So the careful massaging of the vain hopes of the dejected football supporters will continue, leading to more disappointments and frustrations and further riots, as inarticulate youths give vent to their anger.

I gather that Conor Cruise O'Brien, a great Irishman, last week proposed as a solution, that large areas are set aside in the major cities, in which the football fans can drink to their hearts' content. He advocated that these areas should be surrounded by riot police, who would be the only people to observe the football fans beating each other up.

I think O'Brien is on to a good thing, but he misses the point. Without the unendurable frustration of having to watch football, the youths would become maudlin, but not aggressive. The riot police would pack away their gear. The only people to suffer would be newspaper leader writers.

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